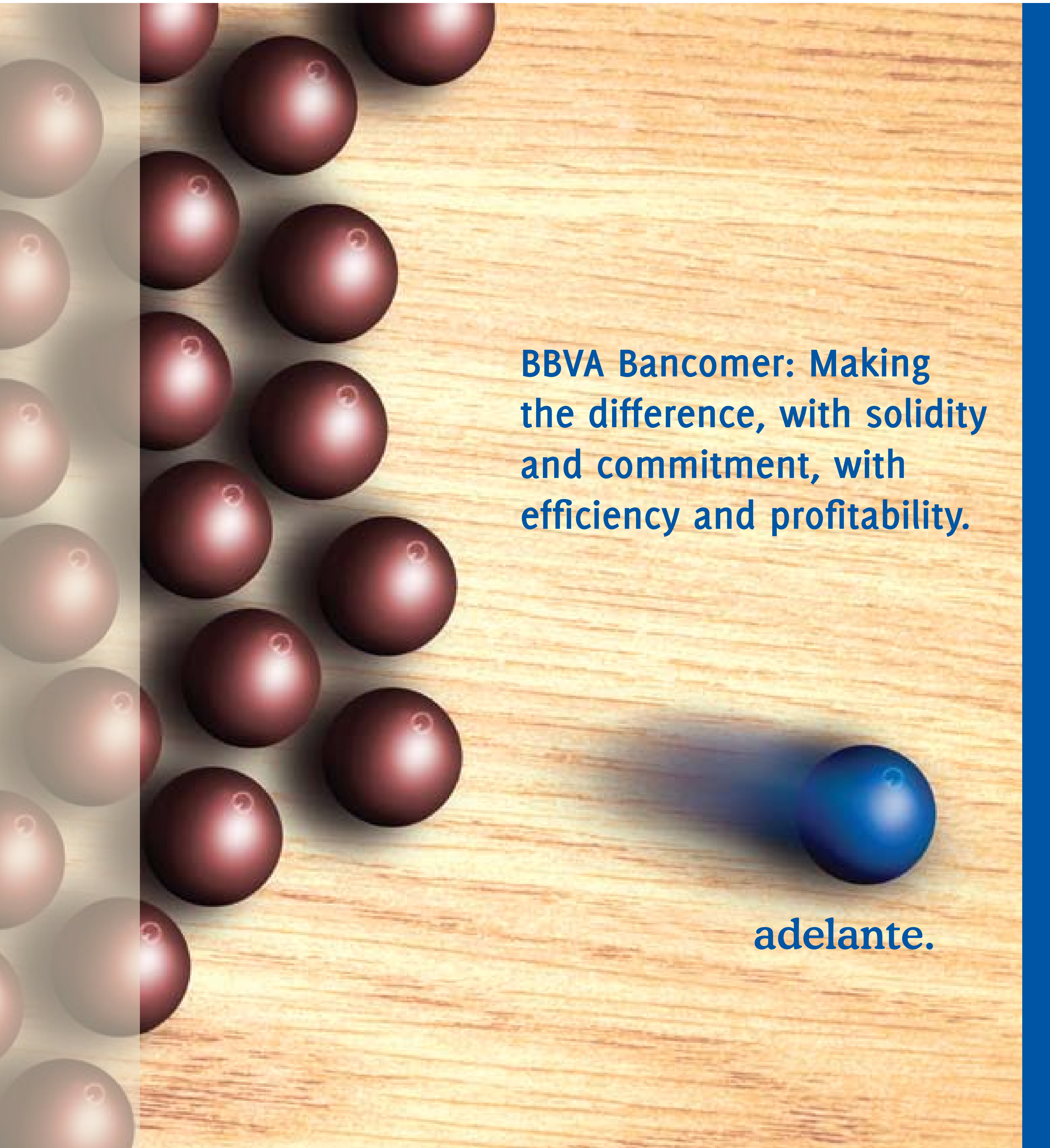
BBVA Bancomer

Our Commitment: adelante.

2008 Annual Report

Contents

2008 Annual Report



BBVA Bancomer: Making the difference, with solidity and commitment, with efficiency and profitability.
adelante.

Group Profile

Grupo Financiero BBVA Bancomer (BBVA Bancomer, or the Group) is a Mexican financial institution with a strong presence in Mexico, in the businesses of multiple-service banking, pension funds, mutual funds and insurance. It conducts its core activities through BBVA Bancomer (Bancomer or the Bank), Mexico's largest bank in terms of assets, deposits, loan portfolio and number of branches. Its business model is based on segmented distribution by type of client, with a philosophy of risk control and a goal of long-term growth and profitability.

The Group works toward a better future for its clients, offering them a relationship of mutual benefit, proactive service, advice, and comprehensive solutions.

The Group is a holding company affiliate of Banco Bilbao Vizcaya Argentaria (BBVA or Grupo BBVA), one of Europe's leading financial groups.

Business Model

	Focus	Dedicated network
Individuals		
Relationship Banking	High-end clients	57 offices
Retail Banking	Individual clients	1,843 offices
Mortgage Banking	Individual clients	90 offices [1]
Companies		
Corporate Banking	500 major corporations	3 offices
Middle-market and Government Banking	Mid-sized companies Government agencies	81 offices 37 offices
Mortgage Banking	Housing developers	90 offices[1]
Retail Banking	Small companies	291 specialized account executives

[1] Single network of offices.

Group Structure

GRUPO FINANCIERO BBVA BANCOMER, S.A DE C.V.

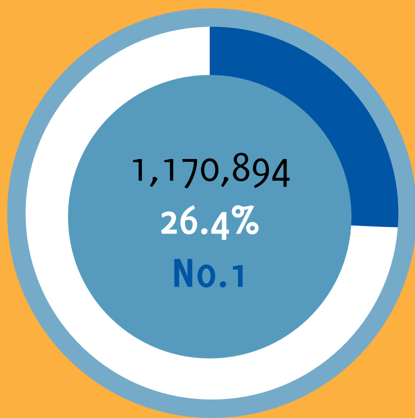
- BBVA BANCOMER, S.A. (99.99%)
  - AFORE BANCOMER S.A. de C.V. (75.00%)
  - BANCOMER FINANCIAL HOLDINGS, INC (100.0%)
- HIPOTECARIA NACIONAL, S.A. de C.V. (99.99%)
- SEGUROS BBVA BANCOMER, S.A. de C.V. (75.01%)
- CASA DE BOLSA BBVA BANCOMER, S.A. de C.V. (99.99%)
- BBVA BANCOMER GESTIÓN, S.A. de C.V. (99.99%)
- BBVA BANCOMER SERVICIOS S.A. (99.99%)
- PENSIONES BBVA BANCOMER, S.A. de C.V. (99.99%)
- PREVENTIS S.A. de C.V. (91.58%)

Our Mision

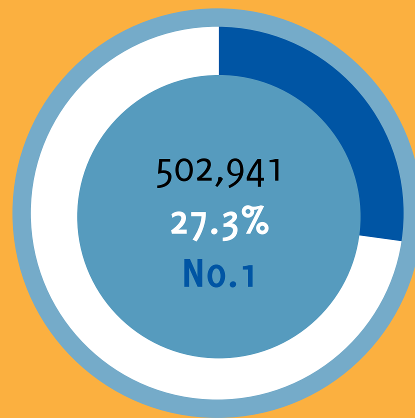
- Build trust by expanding and enhancing customer service with transparency and integrity, always offering top-quality products and services.
- Provide our employees with the ideal working conditions to help them develop their full potential.
- Preserve our solvency and offer attractive returns to our shareholders.
- Foster social well-being as a result of our business activities.

Leadership

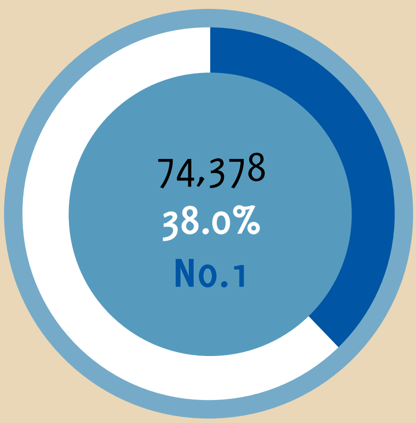
Banking business, figures in millions of pesos as of December, 2008



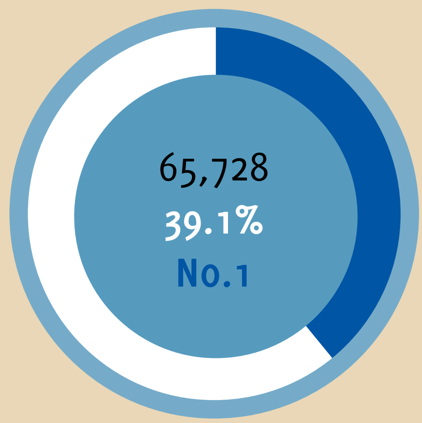
Assets



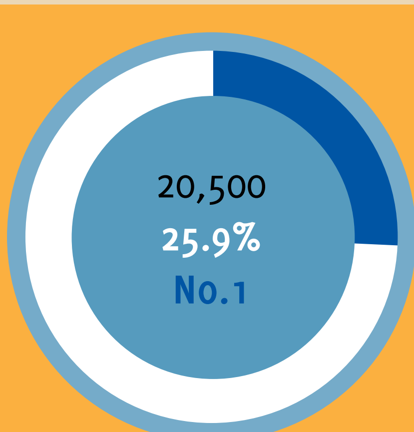
Performing loans



Auto loans

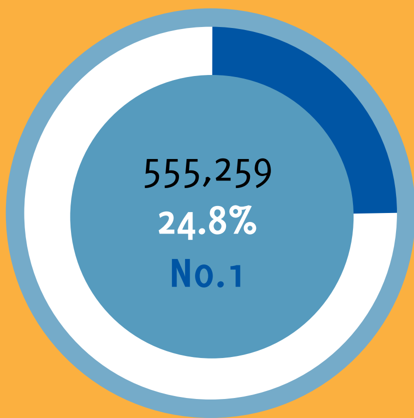


New mortgages

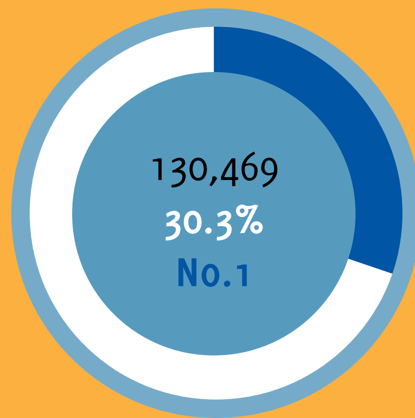


Pensions (invested amount)

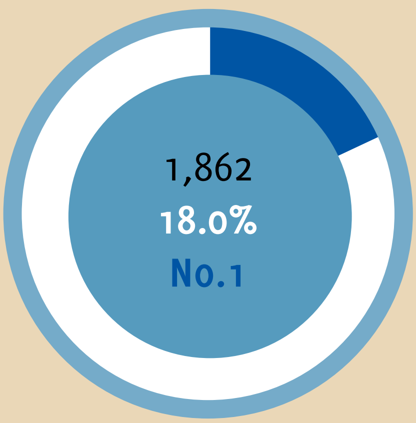
Sources: National Banking and Securities Commission (CNBV), Jato, Federal Mortgage Society (SHF), National Retirement Savings System Commission (CONSAR), Mexican Association of Insurance Companies (AMIS), and Mexican Securities Industry Association (AMIB)



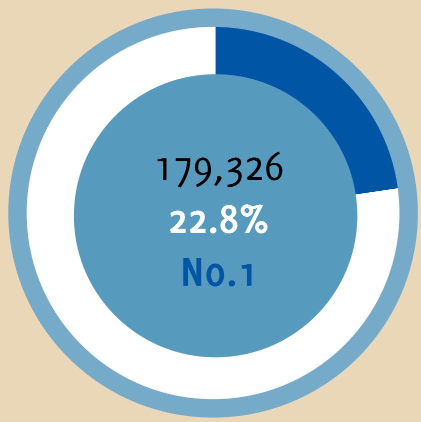
Total deposits



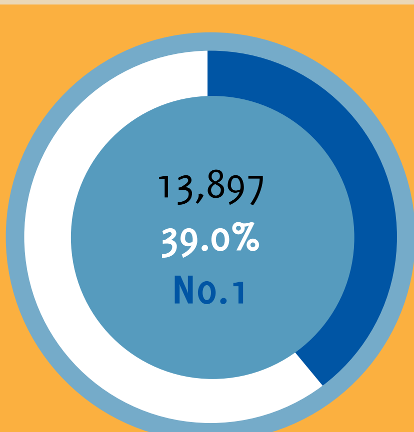
Total consumer credit



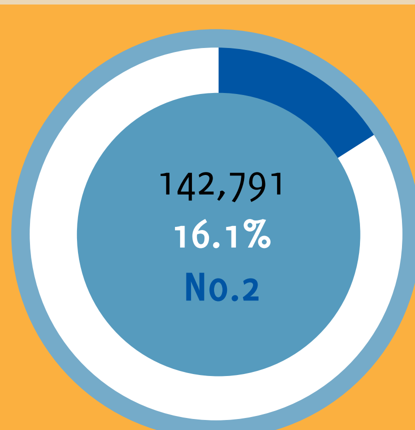
Branches



Mutual funds



Bankassurance (premium)



Afore retirement funds (assets under management)

Report by the Chief Executive Officer

Dear employees, clients and shareholders:

For Grupo Financiero BBVA Bancomer, 2008 was a year of tremendous challenges. The international financial crisis, which worsened in the last quarter of the year, hampered conditions for both lending and deposits. But BBVA Bancomer increased business volumes in a higher rythm than its main competitors, strengthening its franchise and turning in positive financial results. Solidity and strength clearly distinguished Bancomer it in the current business climate.

Net attributable profit reached on the whole, the group brought in profits of 25,899 million pesos (mp) in 2008. excluding UDI Trusts and home equity loans, BBVA Bancomer´s loan portfolio grew by 60,048 mp, or 13.8%, on a yearly basis ending the year 2008 at 496,233 mp.

There were changes in BBVA Bancomer's loan portfolio structure during 2008—commercial and mortgage financing increased its share, while consumer credit and credit cards reduced their weight. In the year, close to 44.8% of the portfolio were commercial loans, meaning financing for major corporations, mid-sized and small companies, financial institutions and government agencies. Mortgages—both to individuals and to housing developers and builders—made up another 31.8%, and the remaining 23.4% was consumer credit and credit cards.

The most vigorous portfolio was loans for the productive sector, which grew 16.3% over 2007, in the last quarter of 2008, BBVA Bancomer became the largest supplier of commercial credit, despite the deterioration of financing conditions in the domestic market, underscoring its commitment to the country. Credit for mid-sized companies continued to rise, at double-digit rate of growth of 27.3%, driven by our strategy of establishing close relationships and specialized products for our customer base. Small-sized business loans also did outstandingly well, closing the year at 15,109 mp.

BBVA Bancomer continued to increase home financing activity, granting more than 65,000 new mortgages to individuals and bridge loans for the construction of more than 96,000 homes. This increased the housing loan portfolio by 25.4% over the close of 2007 (excluding UDIs and the old mortage portfolio) Our institution was able to capitalize on its competitive advantages to maintain its leadership in this market, and closed the year with a 32.8% market share of new loans.

Consumer loan and credit card portfolio remained unchanged from 2007. A swift, pro-active application of risk management through the use of innovative models and methodologies allowed BBVA Bancomer to modify its approval criteria, bolstering its follow-up, recovery and collection strategies as preventive measures, without affecting good clients. Much of our Institutions' efforts went into developing financial support and education plans for credit card clients by launching a Personal Finance Program in mid-2008, which has benefited more than 640,000 people.

Our loan portfolio has been growing at a brisk pace, but without affecting credit quality: the main risk indicators, like risk premium (write-offs/average portfolio) and past-due loan index, were better than those of our biggest competitors.

The commercial strength of BBVA Bancomer was also clear on the deposit side, where it closed the year with 812,451 mp, a year-to-year increase of 11.2%. Demand deposits rose by 16.0% over the close of 2007, driven by our star product in the savings market, *El Libretón*, along with payroll accounts, the coverage and capillarity of our branch network and our executives' high level of productivity. Towards the end of the year deposits increased, as financial market volatility and uncertainty about the international financial crisis spurred some investors to look for safer places to deposit its money.

“BBVA Bancomer is in a stronger position, with solid capital indicators and enough liquidity to navigate these difficult times.”

This benefited BBVA Bancomer, which has gained a leading market share in demand and savings deposits, reaching a record 31.0% in December 2008.

The effort and synergy shown by the BBVA Bancomer team brought the customer base to 15.8 million at the close of 2008, having welcomed one million more clients to the range of financial services offered by our institution. For our clients, we remain committed to a continuous improvement in service quality. In 2008, we met 99% of our promises through Bancomer Guarantees, offering a total of 14 service guarantees for products that are highly valued by our customers. We also continued to invest in bank infrastructure, an area to which we have devoted nearly 9,000 mp over the last eight years. We ended the year with a branch network of 2,180 offices, including the retail network, middle-market, corporate and mortgage banking. We also installed more than 460 ATMs and more than 116,000 establishments now have BBVA Bancomer point-of-sale terminals.

In non-banking businesses, 2008 was a year of great satisfaction. Seguros BBVA Bancomer gained strength as the Bankassurance market leader, posting record profits of 2,235 mp and a market share of 39.0%. Afore Bancomer remained one of the largest Retirement Fund Managers on the market, with a 16.1% market share, and was the leading institution in terms of voluntary savings.

None of these achievements would have been possible without the dedication of our human capital. This is why we continue to help improve our employees’ quality of life, through our *Gente BBVA Bancomer* program. Furthermore, because we are committed to developing talent within our institution, last year our *Management School*, which offers professional training for our executives in various areas, instructed more than 5,300 executives in leadership skills.

We know that our responsibilities go beyond financial transactions or profits. We have a firm commitment to society at large, expressed through Fundación BBVA Bancomer. In 2008, Bancomer allocated 0.7% of its profits to educational and cultural programs through this foundation, and intensified support in the form of scholarships to thousands of students. We were particularly involved in promoting education for schoolchildren in the home communities of migrants, creating a special scholarship program called *Los que se quedan (Those who stay).* Under this program we awarded 10,600 scholarships to students, and we will raise this to 15,000 in 2009.

Our institution is also convinced of the importance of giving the public all the tools possible for promoting a greater knowledge on finance themes in Mexico. In 2008, BBVA Bancomer launched a financial education program called *Adelante con tu futuro* (Forward with your Future) with the alliance of the Interactive Museum of Economy (MIDE). In the first phase, this program will design content and disseminate it through classrooms at Bancomer branches, mobile classrooms, and the Internet, reaching 7,000 users in the year. For 2009, the challenge of this program will be to extend it further, to a mass audience of 200,000 users.

Although the business climate was challenging and complicated at the beginning of 2009, BBVA Bancomer is in a stronger position, with solid capital indicators and enough liquidity to navigate these difficult times. We will redouble the efforts that these new circumstances demand of us, focusing our energy on growing stronger. We will confirm our commitment to Mexico through lending, and receiving deposits, meticulous vigilance of asset quality, support for our clients, service improvement, and team building.

More than ever, we are grateful to our employees for their daily work, to our Board of Directors for its attention and suggestions for modifying and perfecting our business strategy, and particularly to our clients, for their preference.

We will continue moving forward, with commitment.

Ignacio Deschamps González
Chairman and CEO

Héctor Rangel Domene

In 2008, **Héctor Rangel Domene** asked the Board of Directors to accept his resignation after a brilliant 17-year career in this Financial Group, and having successfully executed a number of activities, including Chairman of the Board in the last four years.

Mr. Rangel joined the Institution in 1991 at the invitation of Eugenio Garza Lagüera and Ricardo Guajardo Touché. He held many key positions in the Group, including Managing Director of the International, Corporate, Government, Middle-Market, Electronic and Investment Banking divisions. He has also been honored by various positions within the industry, like Chairman of the Mexican Bankers' Association (ABM) from 2000 to 2002, Chairman of the Business Coordinating Council (CCE) from 2002 to 2004, and head of the Center for Private-Sector Economic Studies (CEESP).

We are profoundly grateful to Mr. Rangel for his work in this institution, which has been crucial to the results of the Group, attained during this time with us, and has performed outstandingly as Chairman of the Board of Directors of BBVA Bancomer.

Moving forward: Making the Difference

BBVA Bancomer continues to make the difference in all areas where it is involved, guided by a strategy based on specialization, innovation and value generation, all in pursuit of a better future for its stakeholders.

In 2008, BBVA Bancomer made the difference by increasing its market share in virtually every line of business. The launch of an internal project called *"Synergy"* and teamwork allowed us to obtain record share of the demand deposit and savings market.

We also made the difference by growing investment in the nation's productive plant, fueled by our efforts to make our executives increasingly productive and to introduce major changes in the business models of banks that specialize in this segment.

To generate value for our clients, in 2008 we found new ways to identify and analyze the qualities most appreciated by clients, in order to provide them with the right products and services, and generate business opportunities.

In the area of technological innovation, this past year we incorporated new customer service models at our retail branches, like *Express Modules*, and promoted the use of ATMs to reduce branch traffic. Our customers continued to take advantage of the ease and convenience of online banking through BBVA Bancomer's Internet site.

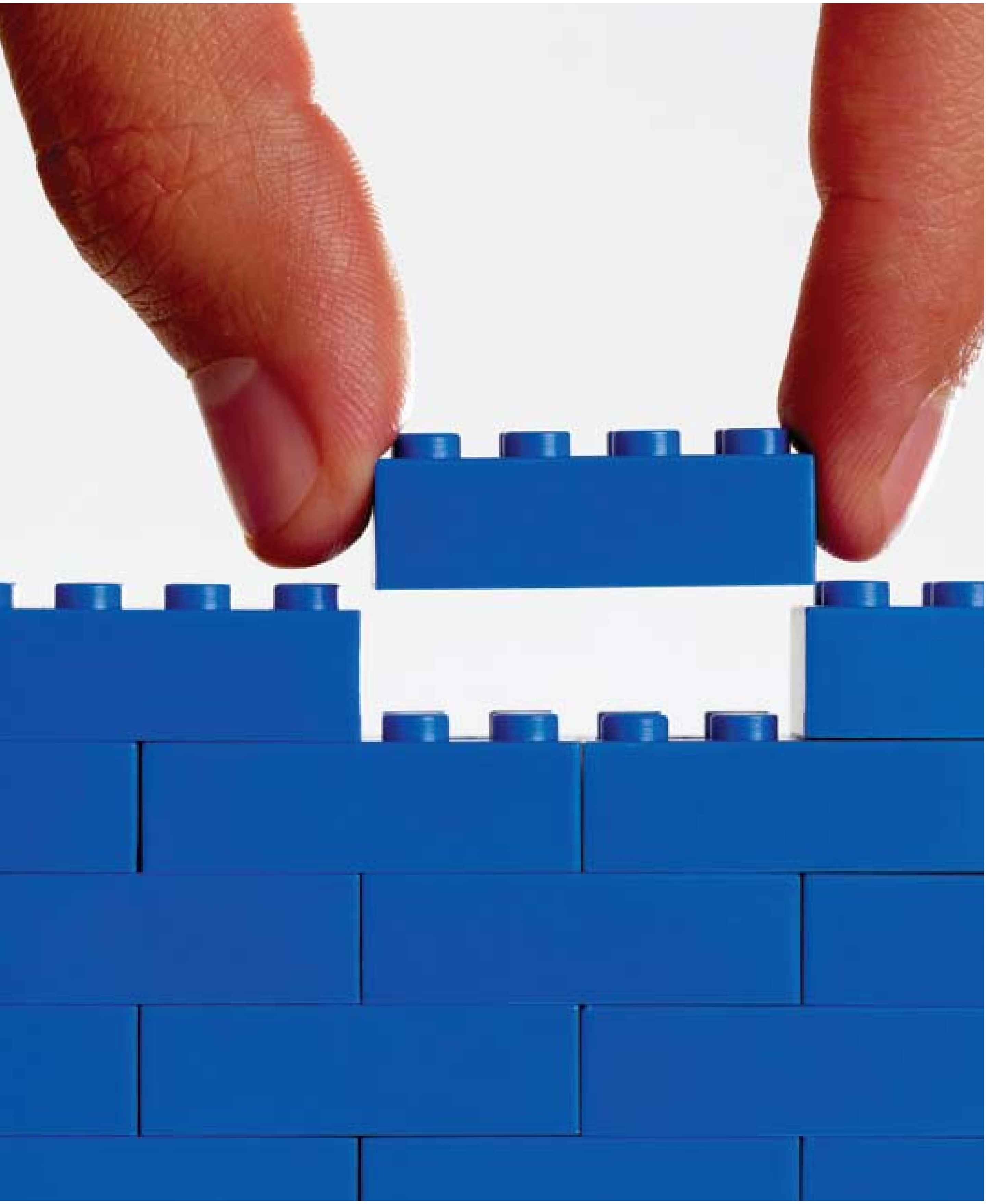
Moving forward:

BBVA Bancomer confirms its commitment to Mexico by lending to and accepting deposits from the public; to its clients, through a continuous effort to improve service and provide support amid more difficult conditions; to its shareholders, by remaining profitable and providing returns on their investment; and to society at large through the work of Fundación Bancomer.

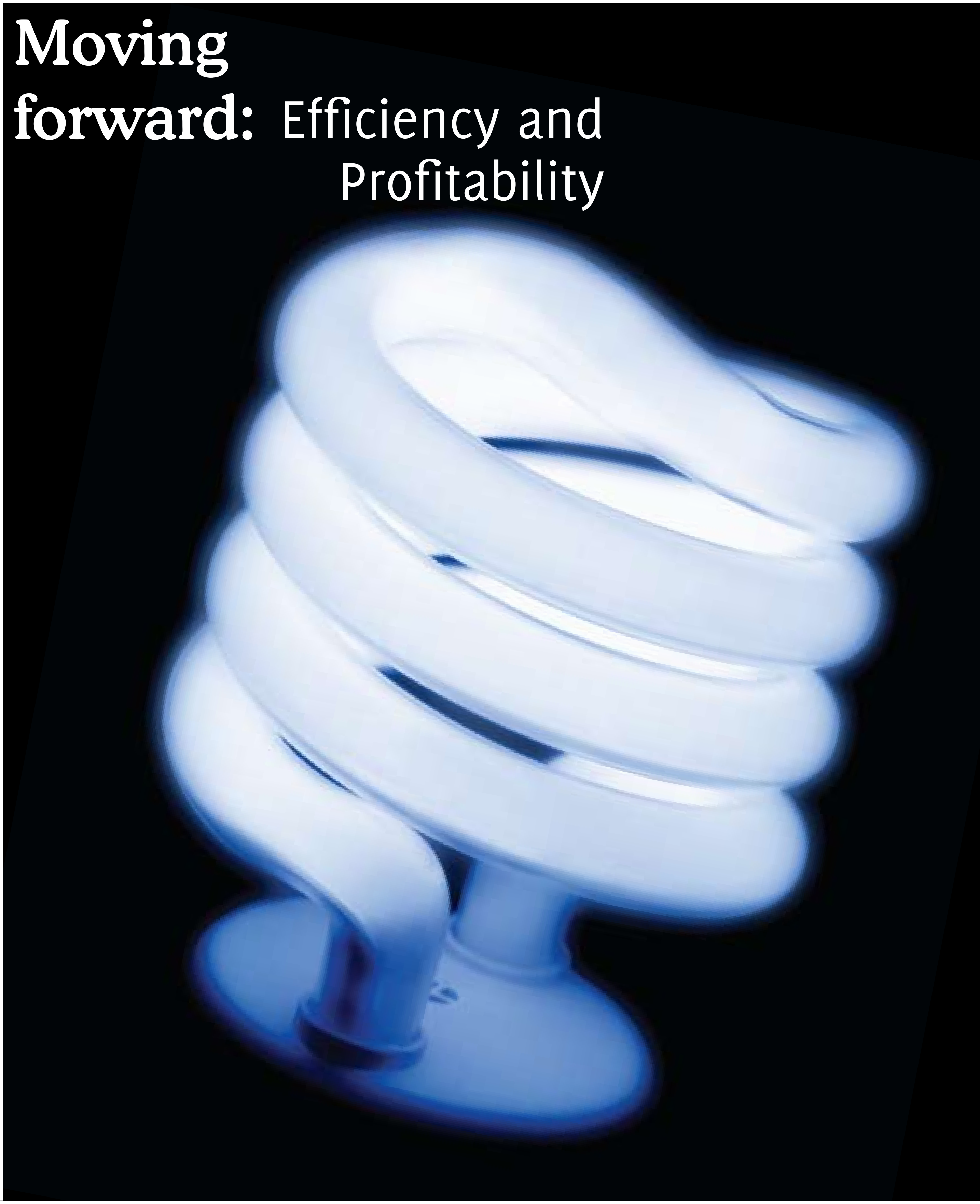
BBVA Bancomer closed 2008 and begins 2009 from a stronger financial position, at the forefront of the banking market and on solid footing to face these rocky times. Our financial indicators attest to this solidity: capital sufficiency is high at 14.2%, coverage is 156%, and we preserve an ample level of liquidity, all by carefully managing the variables that influence our financial health.

This will allow BBVA Bancomer to continue growing its commercial banking activities, supported additionally by the largest customer base in the market—almost 16 million in 2008—and their loyalty and confidence. BBVA Bancomer's solidity is recognized by its clients, who are its most prized asset. Over time, we have developed models and methodologies for knowing our customers and have made an effort to create closer personal ties with them. We come to better understand their needs, giving us the opportunity to offer linked and new products for each customer in every segment of our business.

Solidity and Commitment



Moving forward: Efficiency and Profitability



Improving our efficiency has been one of the pillars of BBVA Bancomer's strategy, and it has made us more productive and profitable than our competitors.

BBVA Bancomer's calling for efficiency has been made clear through the years, in its ongoing pursuit of ways to become more productive. By introducing high technology in its processes, product development, service quality metrics and methodologies, it has been able to continuously detect and analyze every aspect where improvements can be made.

In 2008, BBVA Bancomer improved its productivity indicators, attaining the highest level of efficiency in the Mexican financial system with solid returns. It has the flexibility needed to adjust its goals and strategies and to always choose the best path through difficult times. We believe this flexibility in decision-making places us above the competition, and it will prove invaluable in times ahead.

Operational
Summary

Retail Banking

Through a network of 1,843 branches, our Retail Banking Unit operation serves customers in four segments of the market, based primarily on deposit size: Retail Banking, Foreign Residents, Equity Banking and Private Banking. BBVA Bancomer's Commercial Banking division also supplies financial services to small and mid-sized businesses, and self-employed individuals (known collectively as PyMES).

Retail Banking
I. Customers

In 2008, Retail Banking focused on continuing to expand its customer base. One particularly key segment where financial coverage is still modest is payroll deposit, which has considerable potential for deposits and product linkage. Despite facing an aggressive competitive climate, BBVA Bancomer reached a total of 6.8 million payroll deposit customers at the close of 2008.

This performance was possible by close coordination and synergies with various business areas, an improved supply of products and specialized attention to our customers. Our index of new client attraction grew by seven percentage points, to 40%.

We were also highly active in the area of savings accounts in 2008. For example, the number of non-payroll *El Libretón* accounts rose by more than 750,000, following an intense marketing and promotional campaign, which included:

- The traditional *Quincena del Ahorro* program, which brought in 300,000 new clients and distributed a record number of more than 1.2 million gifts.

- *Promotions like Kellog's "Kelocura",* which attracted 240,000 new clients to the Winner Card product, an account designed especially for children and young people.

Products

II. Deposits

The nationwide balance of demand deposits continued to grow in 2008, rising 8.7% over 2007, outpacing the average annual growth in the market at large. This was the first year in which BBVA Bancomer promoted deposit accounts in the PyMES segment, through a campaign called *Echa a volar tu negocio*, which rewarded companies that increased their average account balance by 50,000 pesos in October with an airline ticket to anywhere in Mexico, completely free. This promotion resulted in 2,500 mp in new deposits and resulted in awards to about 20,000 customers.

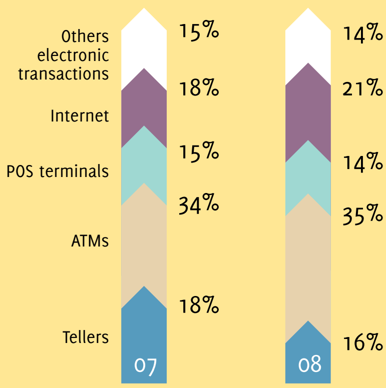
In Mutual Funds, and despite the difficulties inherent to the business climate, we launched a promotion called *Invierte y gana*, with a minimum investment of 90,000 pesos in the *Fondo Triple*, investors have guaranteed equity and a minimum yield, and earn prizes like pearl necklaces and a ticket to participale in a luxury automobile raffle. This campaign set BBVA Bancomer apart from the market and increased deposits in this segment by 11.5% over December 2007.

III. Lending

BBVA Bancomer's Retail Banking division was successful in its lending activities despite widespread deterioration in the economic climate. In 2008 we placed more than 920,000 new credit cards through our branch network, and made close to 880,000 personal loans, 84% of them to payroll customers. We also launched a new payroll loan scheme through ATMs, resulting in an impressive 3,651 new loan accounts.

In the Mortgage Lending area, we made 17,000 new loans, 30% more than the year before, and our market share rose from 8.3% to 10.5%. Mortgages on middle- and

Commercial Banking
Transactions by channel



upper-income homes arranged through our bank branches represented 25.3% of all BBVA Bancomer mortgages.

IV. Infrastructure and Services

In order to guarantee satisfactory service to a growing clientele, in 2008 the Retail Banking Unit continued to expand its branch network, which is the primary channel of sales and service—opening new offices.

The area also launched new channels for efficient service, like the *Bancomer Express Module*, which have high-tech automated devices, no tellers' windows, and a slimmed-down staff focused exclusively on product sales.

During the year, we invested in our ATM network, adding 489 new machines and bringing the total to 5,844, a market share of 19.7%[1]. Additionally, with a total of 129,570 point-of-sale terminals we have the largest customer service network in the world, and a market share of 28.1%[2]. *BBVA Bancomer's online banking division* had more than 1.2 million registered users through its internet web site, *Bancomer.com*.

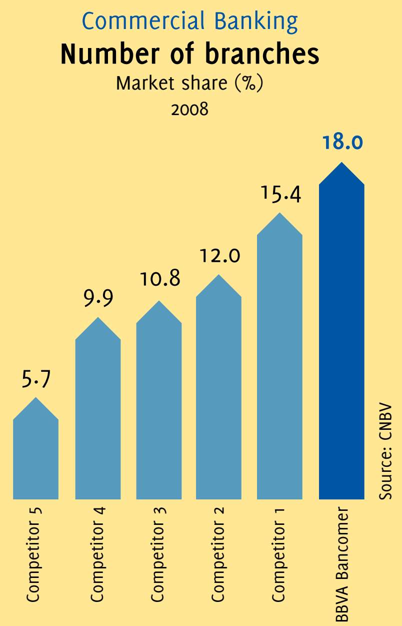
To continue improving our customer service, in 2008 we increased the number of transactions through alternative channels to the office network by 121,000 million payroll payouts, 14 million online automatic bill payments, 68 million transactions through channels like online banking, banking by phone and ATMs, and 117 million debit card transactions.

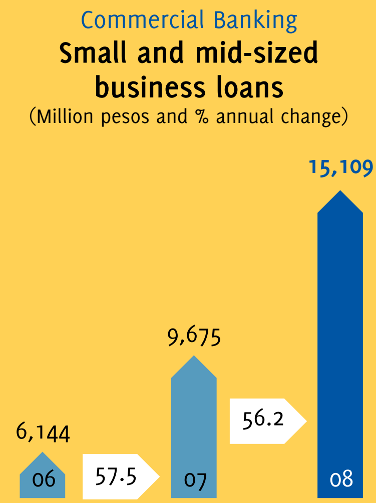
Technological innovation made new inroads for our clients in areas like *Bancomer TV*, a private television network that carries programming in real time over the Internet. The product adds value to our customers' waiting time, providing them with general entertainment and important information on the use of our products and services, while also supporting sales management and operations in our offices.

Foreign Residents

In 2007, we began offering a financial service targeted specifically at foreign customers that choose Mexico as their retirement home. In 2008, we continued to build on this project and opened 38 service points—dedicated offices in high-potential regions offering banking, mortgage and trust services; shared offices in existing branches aimed at regions with mid-level potential, and *"Corners,"* which are small work areas within a branch, designed to handle transactions for this type of cus-

[1] Source: Mexican Banks Association (ABM)
[2] Source: Banxico





tomer. At this point, foreign customers can find specialized advice on traditional bank products, sophisticated investments, mortgage loans and trust funds.

By the close of 2008, after less than 12 months of full operations, we had attracted more than 1,500 mp in funds, which attests to the tremendous potential of this market niche.

Equity and Private Banking

Our area dedicated to serving high-wealth individuals had one of its most difficult years. The international financial crisis caused steep declines and volatility in Mexico's leading financial markets and took a big bite out of investors' portfolios.

Despite these challenges, our consulting and proximity to our customers, and a strategy of creating and migrating to products appropriate for the environment allowed for an 8% increase in deposited funds, reaching a volume of 95,000 mp by the end of the year and gaining 1,543 new high-wealth clients who recognize BBVA Bancomer for its solidity and solvency.

Small and mid-sized Businesses and Self-Employed Individuals

In 2008, BBVA Bancomer's Retail Banking Unit carried out a major overhaul of its service to small and mid-sized businesses and self-employed individuals, to resounding success. We created a specialized network for servicing these businesses, consisting of 291 account executives in more than 280 branches, and 10 business centers to meet the need for credit in the country's largest cities (Mexico City, Guadalajara, and Monterrey).

The project yielded satisfactory results with a 56.2% annual growth in lending, bringing the total loan portfolio to 15,109 mp at the close of the year, more than 82,000 borrowers and a past-due index of less than 2%. This effort translated into a 503 basis point gain in market share in the PyME segment, to 14.0% at the close of the year.

The success of our business model and flow of funding to the small business segment earned BBVA Bancomer an award for its participation in the PyME Garantías program created by Nacional Financiera SNC, as well as the *PyME 2008 award* from the Ministry of the Economy.

Consumer Credit Unit

The Consumer Credit Unit's goal is to provide credit under the strictest risk standards. Private Labeled Credit Cards, which is part of this area, has developed mass credit card and auto loan distribution networks. The Traditional Bank Cards and Consumer Credit area offer credit through the branch network as well as external channels.

Private Labeled Credit Card

The supply of consumer credit has changed dramatically in Mexico over the past few years. Before, there was a clear distinction between participants, with most attention paid to high-income segments. Today, in contrast, credit has made considerable inroads into other areas of the population and a wide variety of financial products are available, spurring rapid growth in the issuance of new credit cards

Within these trends, last year the Private Branding segment of our Consumer Credit Unit reported a 3.1% growth in the number of credit cards granted, supported by a partnership with Wal-Mart. The launch of the *Tarjeta Sam's Club* card is one example of this, having placed more than 90,000 cards in a matter of weeks and reaching an inventory of 311,000 units by the end of the year.

One very important portfolio management effort was the design of strategies to encourage the immediate use of credit cards. The percentage of cards used for immediate, point-of-sale payments was close to 90.1% in 2008, up from 70.3% in 2007.

Another action aimed at improving the activation and use of credit in 2008 was a direct e-mail campaign, which in combination with other commercial actions allowed the area to close the year with a balance of close to 15,500 mp.

Bank Credit Card

In 2008, more than a million Bancomer credit cards were placed through our bank network, external networks and sales force. Billing grew by close to 10% on an annual basis, and our market share gained 92bp in 2008.

Portfolio administration and segmentation has been a pillar of our credit performance. During the year we sent 14 million direct mails, 17.1% more than the year before, and the response rate improved by more than 7%.

Proper differentiation and the development of risk management tools allows us to identify clients with debt problems early on, and offer them a plan of support through preferential rates. By the end of the year, 600,000 clients were participating in this program.

Car loans

The economic climate has hit the auto industry hard, and one side effect was the reduction in new car loans during 2008. Consumer Credit Unit financed 62,000 vehicles, 20.4% less than in 2007. Despite the reduction, following a strategy developed with our commercial partners, we focused our efforts on lower-risk segments. Our share of the auto loan market grew by 207bp, to 33.9%, according to data from the Mexican Bankers' Association (ABM).

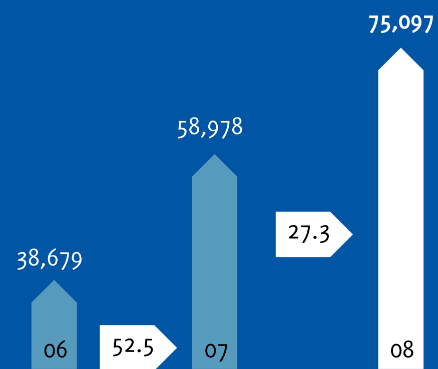
Payroll and personal loans

The banking market saw intense commercial activity and aggressive offers among competing banks in 2008, particularly in payroll loans. This product, accounted for 83.1% of the placement of personal loans, with 880,000 new credits in the year, supported by *Creditón Nómina* campaigns and personal loans, and the addition of ATMs as a credit placement platform. This drove an increase of 108bp in market share, reaching 23.2% by December 2008.

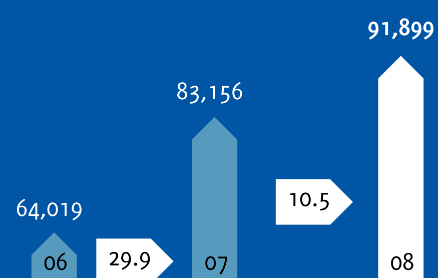
Financiera Ayudamos

Continuing our plan to dramatically increase banking service coverage in Mexico, we began a project to extend credit to lower-income individuals, offering financing at terms of no more than one year, and weekly payments. At the close of 2008 we had 14 branches along Mexico City-metropolitan area.

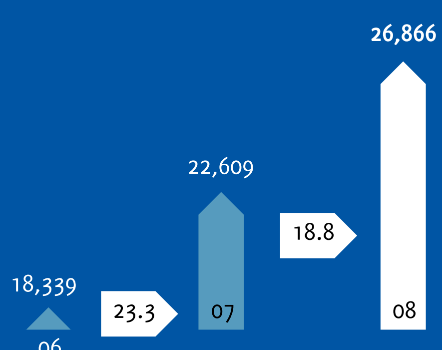
Middle-Market Banking
Performing loans
(Million pesos and % annual change)



Middle-Market Banking
Total deposits
(Million pesos and % annual change)



Middle-Market Banking
Number of electronic banking clients
(Million pesos and % annual change)



Middle-Market Banking

BBVA Bancomer Middle-Market Banking serves companies with annual sales between 60 mp and 1,000 mp a year. It has a network of 81 offices and 331 specialized executives. At the close of 2008, this business unit covered 32,424 companies with a variety of financial services.

The commercial portfolio of the Middle-Market Banking Unit did outstandingly well in 2008. Balances increased by 35.8% over December 2007, and the number of borrowers rose by 28%. By both measures, we outperformed the rest of the market and BBVA Bancomer's Middle-Market Banking Unit kept its leadership, adding 200bp to its market share.

Portfolio quality was not affected by the growth in lending in 2008. Because of the degree of specialization the Middle-Market area brings to its lending activities, risk quality remained high, and the past-due loan index was 0.90% at the close of the year.

Measured in terms of amount of deposits, Middle-Market Banking showed a 9.1% year-to-year growth in demand deposits by the end of 2008, while total deposits were up 10.5% in the same period, increasing BBVA Bancomer's market share in this segment by 1.5 percentage points.

Activities were particularly intense in certain products: Electronic Banking grew in more than 4,000 new users in its client base, and the promotion of derivatives brought an 89% annual growth in the number of customers using hedge products.

We were also active in promoting the sale of collection solutions, like *Tesorería Integral Bancomer, Negocio Adquirente and Multipagos*, where sales were up 28% over 2007, encouraged by each specialized executive's thorough knowledge of the customers.

Despite the adverse climate, Middle-Market Banking kept credit channels open and proved the potential of its sales force, supporting companies with their working capital and infrastructure needs. Their confidence in the solidity of BBVA Bancomer and in Middle-Market Banking at critical times was expressed in an increase of more than 5,900 mp in demand deposits and 11,200 mp in global deposits in the last quarter of the year. This facts proof our leadership, our capacity for capitalizing on opportunities in difficult times and to support our customers, and the confidence these customers.

Additionally, Middle-Market Banking increased payroll accounts by 19% over 2007, making this the second largest revenue generator for the unit.

Government Banking

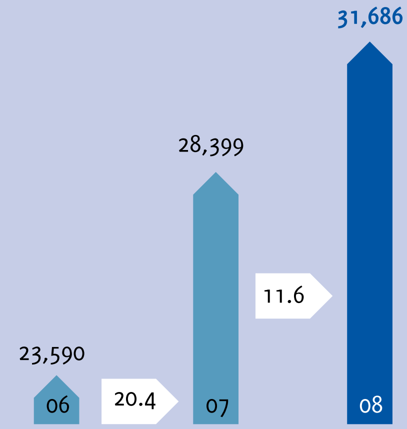
Government Banking serves federal agencies, state and municipal governments. The business unit has a network of 37 offices and 91 specialized executives. At the end of 2008 had 5,246 government clients.

The Government Banking Unit substantially increased the amount of deposits during the year, raising demand deposits by 38.1% over 2007 and gaining 73bp of market share. In terms of total deposits, Government Banking led the market with a 26.4% growth, closing out the year with intense activity in federal and state governments and in the country's largest municipalities.

During the year, Government Banking completed the introduction of a new operating model in its offices that removed some of its administrative burden from its executives and increased their commercial attributes in 32 offices that make up its network.

Among the products that Government Banking offers are payroll payouts for government employees, which cut down on the use of cash and checks. In 2008, the number of government employees, retirees or other regular payment recipients increased by more than 637,000, in addition to the 957,000 social benefit accounts that were opened. These results improved the revenue structure and value generation of Government Banking, making this area the driving force in payroll accounts growth at BBVA Bancomer.

Government Banking
Performing loans
(Million pesos and % annual change)



Government Banking

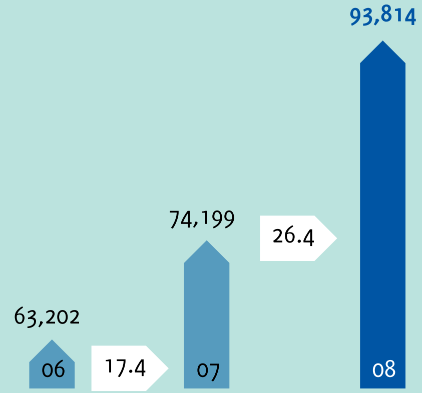
Bancomer reported a sharp rise in the number of people who receive their payroll or pension through BBVA Bancomer.

This business unit also continued to offer tax collection solutions to state and municipal governments to make it easier for taxpayers to pay federal, state and municipal taxes, through systems tailored specifically for the needs of this segment. In 2008 we installed 1,486 point-of-sale terminals and incorporated 67 new agencies into the *Multipagos* system, which simplifies the tax collection process. The sale, installation and use of collection solutions are differentiated by segment, which is a sign of our familiarity with the needs of our customers. Today a total of 979 government entities already use some *Electronic Banking service*.

The Government Banking loan portfolio grew 12% in 2008 and has no past-due loans; the number of credit customers grew 37% in the year to 137.

Productivity—the number of products sold per executive—in the Government Banking Unit rose 58% over 2007, giving it additional strength and distinguishing it from the market particularly in the specialization of its sales and its nationwide presence.

Government Banking
Total deposits
(Million pesos and % annual change)



Mortgage Banking Unit

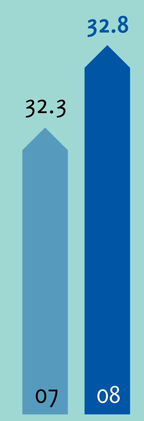
The Mortgage Banking Unit offers home loans to individuals as well as to homebuilders. It has a network of 90 offices across the nation, through which it provides specialized service to its clients.

In 2008, BBVA Bancomer's Mortgage Banking Unit confirmed its leadership in the individual home mortgage market with a 123bp increase in the banks and Sofoles market, reaching a 39.1% share[1] in the number of loans granted.

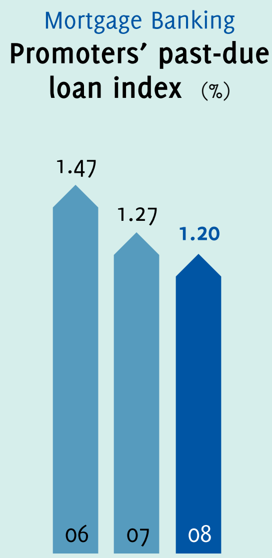
The area originated 65,728 home mortgage loans totaling 30,898 mp; although this is 11.8% less than the year before, BBVA Bancomer increased its share in the market because lending activity slowed throughout the system.

At the close of 2008, the individual mortgage portfolio totaled 146,000 mp, 15.0% more than in December 2007. Asset quality was good, with a past-due loan index of 2.89%, one of the lowest in the industry, derived from the effective changes made in risk admission criteria.

Mortgage Banking
New individual mortgage loans-amount
Market share (%)[1]



[1] Source: ABM, Federal Mortgage Society (SHF) and Su Casita.



We also introduced individual mortgage insurance through the Federal Mortgage Society, which provides coverage in the event of borrower default up to almost half of the loan portfolio. This allowed us to release committed reserves and regulatory capital requirements for more than 2,500 mp.

The solidity of BBVA Bancomer's mortgage portfolio was clear in the success of three individual mortgage portfolio securitizations during the year. The last, which went out in December, totaled 5,470 mp, despite substantial risk aversion in the financial markets at that time. In 2008, we securitized a total of 12,185 mp, and the issues were rated mxAAA, the highest grade on the domestic scale.

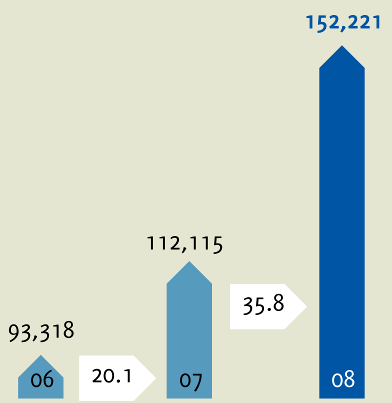
The other part of the Mortgage Banking business at BBVA Bancomer is lending to housing developers, an area in which we committed financing for the construction of 96,213 homes worth a total of 27,069 mp, similar to the 2007 level. The average current balance of the business portfolio was 32,934 mp, with excellent risk management results with only 1.20% past-due loan rate at the end of the fiscal year.

To supply comprehensive services to business customers, in 2008 the Mortgage Banking Unit replicated products like the ones offered by Middle-Market and Government Banking—liquid credit, lease-financing and vendor credit. With these products, customers can find solutions to a variety of credit needs through out production cycle.

Furthermore, as a strategy to improve service to housing developers, we introduced a telephone service line, which gives them real-time information on administration and movements in their credits.

The Mortgage Banking area is aware of the competitive climate in this business. It continuously designs and develops new products and services to serve the various market segments. In 2008, it opened a *Remote Sale* channel that allows interested parties to obtain authorization of their loan without having to physically go to the branch office. We also renewed our *Hipoteca Joven Bancomer*, a program that offers mortgages to younger borrowers, and launched a euro-denominated mortgage to serve the market of European buyers in tourist centers.

Corporate Banking
Performing loans
(Million pesos and % annual change)



Corporate and Investment Banking

Corporate & Investment Banking Mexico provides specialized coverage of Mexico's major corporate clients, originating, distributing and managing financing, treasury and investment products. In 2008 we set out a crucially important strategic model that will allow this area to remain competitive in the current economic climate, while maintaining and improving its relationships with clients.

To establish this model, we designed a new structure and customer portfolio segmentation to provide greater coverage, relying on synergies with other BBVA Group Units´ and integrating them into a global vision. We created positions such as *Industry Banker and Transactional Banker*. The former is involved mainly in providing industry coverage, while the latter serves as a leader in the transactional relationship. We also defined a new methodology for planning interactions with clients, reviewing and improving internal processes and circuits.

This level of specialization allowed BBVA Bancomer's Investment Banking area to participate in 21 debt issues with a total volume of 44,226 mp in funding placed. This gave it a domestic market share of 26.6% according to Bloomberg, topping the Mexican debt issue market in 2008.

One of the biggest transactions in which we were involved last year was the Initial Public Offering of Bolsa Mexicana de Valores (the Mexican Stock Exchange, which went public last year), in which BBVA Bancomer served as Global Joint Coordinator with UBS Bank. More than 242 million shares were placed and 4,000 mp in capital raised (including the directed offering). More than 12,400 domestic investors participated, making this the most widely-distributed placement in the history of the Mexican equity market.

Within Corporate and Investment Banking Unit, there is a specialized area that plays an active role in financing public works and infrastructure in Mexico. In 2008 we handled a US$200mn bridge loan with Grupo Acciona to

Leader in Debt Issuance – Mexico

January-December 2008

Position	Underwriter	Million pesos	Transactions	Commissions (%)	Market share (%)
1	BBVA	44,226	26.6	0.289	21
2	Competitor 1	18,871	11.3	0.251	25
3	Competitor 2	17,645	10.6	0.417	20
4	Competitor 3	15,478	9.3	0.716	11
5	Competitor 4	11,800	7.1	0.223	10
6	Competitor 5	8,648	5.2	1.739	6
7	Competitor 6	8,213	4.9	0.295	4
8	Competitor 7	7,826	4.7	0.841	11
9	Competitor 8	6,700	4.0	0.505	5
10	Competitor 9	6,532	3.9	0.264	7
11	Competitor 10	5,483	3.3	0.450	11
	Total debt issues	166,341	100.0	0.461	110
	Source: Bloomberg				

build a wind park in the La Ventosa region of Oaxaca; a letter of credit guarantee to a consortium made up of Mitsui, Samsung, and Korean Gas, to build the KMS Terminal in Colima for the Federal Electricity Commission (CFE), worth US$480mn and intended to cover local demand for natural gas; and a syndicated loan of 6,000 mp for Concesionaria Mexiquense (Grupo OHL) to develop Phases 1, 2, and 3 of the Circuito Exterior Mexiquense. Once this is complete, this circuit will join the México-Querétaro, México-Pachuca, México-Puebla highways and the outlying regions of the state of Morelos.

Within our efforts to support the Mexican real-estate industry we closed various transactions with Grupo Parque Reforma (Grupo Acciona, Anida and Parque Reforma), which included a revolving loan of US$35mn to build high-income tourist housing in Acapulco, Guerrero.

Our proven capacity in international financing products brought us into the first peso-denominated offering with 95% coverage from the insurance agency

2008 Credentials

Euler-Hermes Kreditversicherungs AG (HERMES), for our client Cementos Cruz Azul, a transaction totaling US$235mn, which was used to purchase German and European machinery and equipment.

Additionally, in a transaction unique of its kind in Mexico, we served as Lead Structurer in two loans extended to Grupo R for the construction of two semi-submergible deepwater oil drilling platforms that will service Pemex, called La Muralla III and La Muralla IV, totaling US$584mn and US$170mn, respectively.

During the year, we strengthened our position with strategic clients like Pemex through two major swap transactions totaling about US$1,700mn. BBVA Bancomer also became the lead banker for Grupo FEMSA through a 700 mp interest rate swap and a bilateral credit of 200 mp, and became its main acquiring business supplier for 6,000 Oxxo stores nationwide. Finally, BBVA Bancomer also became the only payment platform for 30,000 vendors.

Global Markets

Global Markets encompasses the design, structuring, distribution and risk management of financial market products to serve Bank and customers, seeking to satisfy their needs for financial coverage and investments.

The year 2008 was full of challenges and opportunities, particularly in the international and domestic financial markets. Market participants became increasingly jittery over the deepening worldwide financial and economic crisis, due in turn to the meltdown of the U.S. real-estate market, the tightening and negative performance of credit spreads, the plunge in world stock markets and an across-the-board rise in financial risk. All of this set off pronounced volatility in the leading market indicators.

Despite the rocky climate, Global Markets reported double-digit growth over the close of 2007. Ordinary revenues increased 39.7%, and the profit margin was 54.6%. These results were made possible by the area's client-oriented business model, which is integrated into all the BBVA Bancomer networks, providing additional strength and sustainability to its revenues.

Among the outstanding transactions of the year was the placement of the first exchange-traded fund on Latin American equities (FTSE Latibex Top), placed on the Mexican Stock Exchange in April and accumulating more than 250mn in managed assets at the close of December. The FTSE Latibex Top is made up of 15 of the largest-cap, most marketable stocks in Latin America, and is an investment vehicle that replicates the movements in stock indices, considered one of the most innovative investment products in the world.

In June, Casa de Bolsa BBVA Bancomer served as lead underwriter in the historic initial public offering of stock in the Mexican Stock Exchange itself, distributing the securities through its sales force.

In order to expand the supply of Latin American products to global clients of BBVA Group, in early 2008 the Regional Derivatives Center started up operations.

Another big achievement was the increase in cross-border activity, which reinforces this Group's presence around the world, particularly in the Americas and Europe, and adds to the comprehensive services that BBVA Bancomer can offer its clients.

Global Markets also continued to build on its program of structured investment notes, increasing its market share by 50.6% and remaining the leading bank in this category, with a share of 24.4%[1], 840 basis points above its nearest competitor.

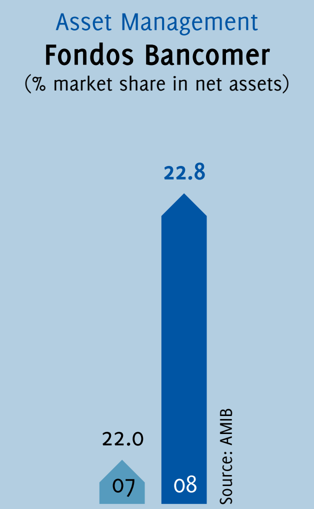
Despite pronounced volatility in the world financial markets, the area proved its ability to adapt to our clients' investment and hedge demands, offering products that provide operating flexibility, minimize their risk and cover their investment needs.

Asset Management
(Portfolio Management)

Asset Management Bancomer is the largest investment business unit in Mexico. It offers the various business units of BBVA Bancomer innovative, profitable, and high value investment products.

At the close of 2008, BBVA Bancomer Asset Management reported a total of 460,000 mp assets under management, with deposits of 14,000 mp, a year-to-year growth of 3.1%. Asset Management thus became the leading asset manager in the Mexican market.

[1] Source: Valmer, December 31, 2008.



The largest unit (in terms of asset size) within the Asset Management area is Fondos Bancomer, which accounts for 39.0% of the total assets. It is followed by Afore Bancomer with 31.0%, then Third-Party Portfolios with 18.7%, and finally, Bancomer Insurance and Pension Portfolios, whose assets account for 11.3% of the total.

Fondos Bancomer reached a market share of 22.8%[1], gaining 82bp of market share over the previous year, with assets of more than 179,000 mp. It remained the largest participant and leader in the mutual fund market. Fondos Bancomer also earned the Fund Pro Platinum Performance award, receiving recognition as the best Short-Term Debt manager, the Best Flexible Fund Manager, and other distinctions. In 2008 it also became the largest fund manager in terms of the number of its clients, with 532,000 investors accounting for 28.6% of the overall industry.

Development and innovation remain a key point in the growth of Asset Management. In 2008, high-wealth clients were offered an expanded supply of international funds, with two new products: *BBVABRI*, the first BRIC fund in Mexico, made up of shares from Brazil, Russia, India and China, which serves as a vehicle for investment in the world's fastest-growing economies; and *Diver-I*, the first international strategic fund, which offers investors ways to diversify across international markets.

Additionally, taking advantage of market conditions, Asset Management launched two new mutual funds: *B+Real* and *Gub-1*. The former allows investors to take advantage of movements in inflation and the financial markets, because it invests in instruments at real rates. The latter, *Gub-1* is a fund that invests 100% in very short-term government instruments, launched in the last quarter of 2008 to provide investment security to clients amid a rise in market volatility due to the international financial crisis. In this period we also stepped up sales of *Fondo Triple*, aimed at clients in our branch network. These funds offer guaranteed equity, minimum guaranteed yield, an extra yield according to market movements, the chance to earn more with higher amounts of savings. This makes it an ideal vehicle for investing the equity of Bancomer clients.

In 2008, we expanded our range of products by launching stock series in various funds, rewarding clients for their savings and creating four new funds that were placed at the disposal of Third-Party Portfolio Management, for facilitating the investment process.

[1] Source: AMIB

Afore BBVA Bancomer

Afore BBVA Bancomer met and surpassed its goals in 2008, following changes in its commercial strategy. At the close of the year, it was one of the leading retirement funds in the market, with a share of 16.0%[1] in terms of managed balances.

One of the main changes in the commercial strategy was an overhaul of the Corporate Promotion Area, which services 82 Mexican corporations, offering mobile agencies and specialized service modules and creating synergies with other products offered by the Group.

Afore BBVA Bancomer is also a leader in the category of Voluntary Savings, which was reflected in its market share of 33.9%[2] at the close of 2008.

In 2008, Afore BBVA Bancomer's commissions were among the lowest of Mexico's retirement fund managers, coming in below the industry average. It also has a team specializing in service and assistance for our clients, and its range of services is one of the most complete in the system.

BBVA Bancomer Pensions

The Pensions area fortified its leadership in 2008, reaching a market share of 53.6% in terms of invested principal, and 46.2% in the number of resolved cases, according to figures from AMIS.

The comprehensive consulting services it supplied to pension holders were prompt and effective, bringing security and support to our customers. We also began setting in place a service that will be offered to ISSSTE[3], pensioners starting in 2009, which also complies with the investment regime for IMSS[4] affiliates.

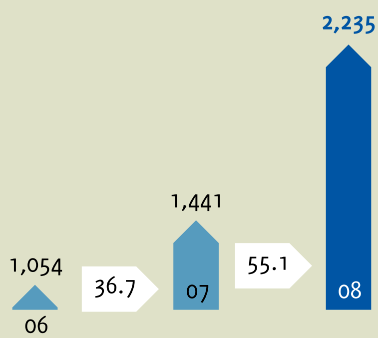
These results can be attributed to effective portfolio management that ensures that the assets managed by Bancomer are protected.

Afore BBVA Bancomer

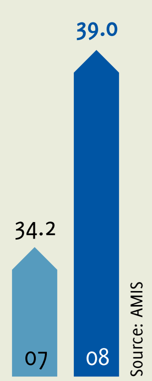
Afore BBVA Bancomer is also a leader in voluntary savings, giving it a market share of 33.9[2]% at the close of 2008.

[1] Source: AMAFORE
[2] Source: CONSAR.
[3] Institute for Social Security and Services for Workers of the State.
[4] Mexican Social Security Institute.

BBVA Bancomer Insurance
Net income
(Million pesos and % annual change)



BBVA Bancomer Insurance
Premiums written
(% share of Bankassurance market)



BBVA Bancomer Insurance

In 2008, BBVA Bancomer Insurance further strengthened its business model focused on differentiating product offerings by segment and by sales channel.

This business Unit reported total premiums written of 13.90bn, a 26.9% growth over 2007, generating after-tax earnings of 2,235 mp, a rise of 55.0%.

Due to its excellent results, BBVA Bancomer Insurance maintained its leadership position in the Bankassurance market, with a 39.0%[1] market share according to AMIS, and ranked fourth in the Mexican insurance market in terms of premiums written, second in terms of net income.

We were able to increase the number of initial policies signed through our branch network by 9.3% over the close of 2007, and sold more than a million policies in the year. This strong performance was driven by the auto insurance division, which increased 12.4% to a total of 552,687 current policies.

We also kept up a brisk pace of growth through alternative channels outside the branch network, where the number of policies sold rose by 40.8% (to 678,300 in 2008). Three new products joined the portfolio last year: *Accidental Death (Life), Vale Seguro Bancomer (Life)* and *Programa Contigo Bancomer (assistance package)*.

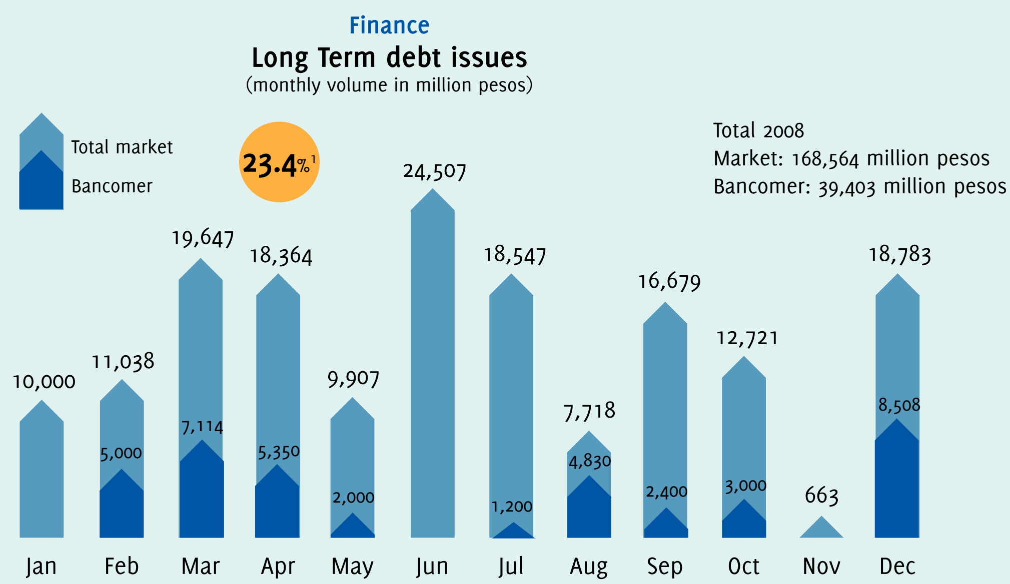
BUSINESS SUPPORT AREAS

Finance

The Financial Management area is part of the Finance division. Its main purpose is to mange Bancomer structural financial risks, including liquidity risk, interest rate risk, and capital management risk, through the design and application of strategies in business areas, throught market transactions.

In 2008, the Financial Management Unit effectively managed interest rate, liquidity and equity risks, it contributed value to BBVA Bancomer by maintaining an adequate level of liquidity and positive capital management—factors that reflect the solidity of the financial group as a whole.

[1] Source: AMIS



With the rapid and successful application of its liquidity management strategy, BBVA Bancomer kept up the pace of growth demanded. This was possible through 39,403 mp issue of financial instruments on local markets, equivalent to 23.4%[1] of the total issued in the entire market with maturity higher than a year. The quality and solidity of Grupo Financiero BBVA Bancomer allowed it to issue those instruments at a time of considerable market volatility, when its main competitors were having a hard time coming up with funding on wholesale markets.

The Financial Management Unit took a number of actions to bolster the capital sufficiency levels of BBVA Bancomer, among them, the issuance of subordinated debt, the structuring of portfolio securitizations, and implementation of an advanced methodology for improving risk quality of assets.

Additionally, due to the close and positive communication with securities rating agencies, BBVA Bancomer maintained its ratings, yet another sign of its solidity and strength.

Credit Risks and Recovery

The management of risk at BBVA Bancomer has helped to curb write-offs, and credit provisions are calculated based on internal models of Expected Loss. These elements contributed to growth in profits and better risk indicators than are seen among our closest competitors

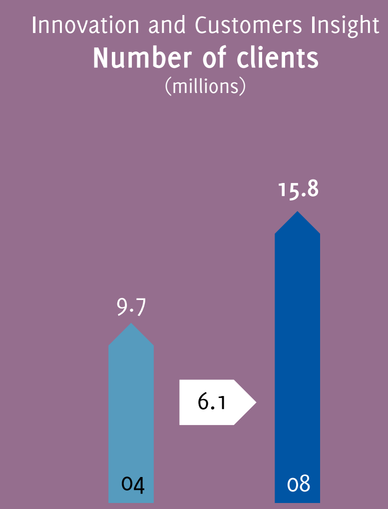
In a climate of worldwide financial crisis, the management of *Market Risk* put to the test our calculation tools and methodologies, as well as our capacity to react amid pronounced volatility in risk factors and their impact on results, particularly *Liquidity Risk*.

In a scenario of market contraction, we have been able to build the bank's loan portfolio by lending to all segments, but we stressed the improvement of processes, the development, update and application of loan origination and follow-up tools for each segment or financial profile.

The Institution has a clear objective in its management of *Operational Risk*, along with robust structures based on tracking and correctly management processes. BBVA Bancomer has developed models for capital calculation and provisions for retail and wholesale segments, and presented them to the CNBV for certification.

We have fully consolidated our Risk Model, where a key risk management tool is the analysis and tracking of risk-adjusted results for the Group's various business units, based on variables of Expected Loss, Added Economic Benefit, Economic Capital at Risk, and Risk-Adjusted Returns.

[1] Source: Bolsa Mexicana de Valores.



The Group has also introduced extensive Internal Risk Management and Control systems that involve all the personnel and areas of the institution, focused on measuring, tracking and preventing Potential Risks, Money Laundering and Financing of Terrorist Activities.

Innovation and Customer Insight

A new department called Innovation and Customer Insight was created in 2008 to support the business in gaining an in-depth knowledge of clients and non-clients, through new methods of understanding Mexican consumers, their financial and non-financial behavior.

This department promotes coordination and synergies between the business and support units, in order to attract new clients that can later be linked, thus maintaining high levels of satisfaction. The Innovaton and Customer Insight helped develop new ways of connecting with our customer base, while directing service to the most important and highest impact areas possible.

Innovation is another pillar of this department, as an example of their work in 2008, BBVA Bancomer and the Electronic Payment Media Infrastructure Trust (FIMPE) together led the bank industry launch of NIPPER, a system that allows clients to charge cell phone air time refills to their accounts. In subsequent phases, customers will be able to make purchases in retail establishments using the same device—one step more in increasing bank service coverage in the market.

Growing our client base

BBVA Bancomer has been able to attract nearly a million new clients every year, and 2008 was no exception. This extraordinary and steady pace of growth is the product of a coordinated effort involving commercial network distribution, the ability to offer the right products for each segment, and the pursuite of service excellence.

It is also based on a solid strategy for attracting payroll customers, the product of close commercial coordination between Commercial Banking and Middle-Market, Government and Corporate Banking, which raised the total number of payroll accounts to 6.8 million at year-end.

Furthermore, in 2008 BBVA Bancomer was an important force in government social support programs, through its Government Banking Area, which attracted new accounts to these programs, supported by innovative and efficient massive account-opening processes, timely product delivery and access to electronic banking, bringing banking services to an even greater segment of the Mexican population.

A promotional campaign called *Quincenas del Ahorro* attracted thousands of new clients to our star product in the savings market, *El Libretón*.

For higher-wealth clients, we continued our special Preferred Customer recognition program, which offers service distinctions like personalized attention, less waiting time on line, priority telephone service and inquiries. This year we incorporated more preferred customers through products like credit cards, consumer credit, mortgage loans, and pension services, toward our vision of becoming a customers' bank.

In the business segment, BBVA Bancomer launched a specialized commercial network for small and mid-sized businesses with qualified executives in specialized business centers. To serve larger companies, the Middle-Market Banking area continued to forge closer ties with our customers through a specialized shelf of products and services that match their needs.

Systems and Operations

For Systems and Operations, 2008 was a year of growth and transformation in the development of infrastructure and productivity improvements to meet our customers' needs, reduce costs and further our business goals.

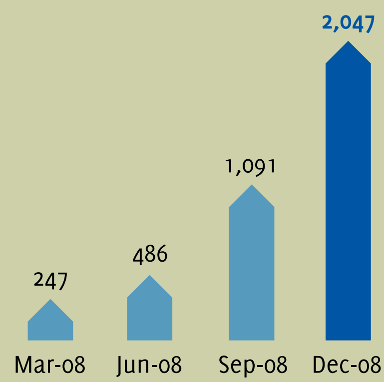
Systems and Operations focuses on generating added value, offering high technology and infrastructure to the business areas by working along three main lines: a) aligning objectives with the business units; b) simplifying and industrializing internal processes; and c) achieving transformation, strategy and innovation. These in turn pursue three central objectives: increasing the quality and backing of our customer service; shortening business project delivery time; and offering technological and infrastructure solutions at a lower cost.

Among the achievements of this area in 2008 were:

- Introduction of a technological platform for Mortgage Banking which created new payment channels through Bancomer.com, in ATMs and through the telephone banking service, Linea Bancomer.

Systems and Operations

Number of offices with broadband



Systems and Operations

Focused on generating added value, offering advanced technology and infrastructure.

- A new Comprehensive Treasury Service for Middle-Market, Government and Corporate Banking clients that allows them to use electronic banking to collect accounts and make payments through Bancomer.com. For corporate clients, it extended the offering of the Host-to-Host (H2H) channel to handle payroll payment and vendor services, account movements, services charges, etc.

- In 2008, Bancomer.com was rated the best financial portal in Mexico by the company AQmetrix, and also considered the preferred online banking service.

- In infrastructure technology, the area placed 30,276 PSTs in retail establishments, using wireless communication and the highest standards of security and chip-reading capacity.

- Modernization of technology in the office network, including greater bandwidth, investment in equipment and upgrades of various applications. All branches were migrated to broadband access, which speeds up their operations and allows them to use advanced applications for commercial management.

- To gain a more thorough understanding clients, a system was built in order to allow efficiently access commercial offering, taking advantage of service, quality and risk opportunities.

- Changes were made to conform to banking regulations, like Payroll Portability, Unified Treasury Accounts, Cash Deposit Tax, and the Transparency Law. BBVA Bancomer was the first bank to obtain Cash Deposit Tax certification from the Mexican Tax Administration Service and Federal Treasury, and obtained the highest rating from the National Commission for the Protection and Defense of Financial Service Users in certifying account statements, in compliance with the Transparency Law.

- In the Risk Area, systems and operations strengthened tools for evaluating credit applications, incorporating new ways to ensure credit quality.

- The Aristos system was introduced to upgrade the human resources management platform.

In 2008, Systems and Operations began to introduce a new collection platform that will support recovery strategies through state-of-the-art tools for collection and follow-up.

Furthermore, BBVA Bancomer made operating improvements in the electronic information platform that will allow it to automate and simplify processes, streamlining our data infrastructure. We replaced much of the computer equipment in the data processing center with latest-generation technology to improve critical service availability and preserve our transactional growth capacity.

BBVA Bancomer announced the creation of new headquarters in 2008, with high quality standards, cutting-edge technology and sustainability measures. The necessary land was purchased and a call for bids on architectural plans brought proposals from world-class architects; we also began the necessary applications with the authorities.

Human Resources

For our Human Resources Area, 2008 also saw the crystallization of many projects, and the benefits of our a transformation into a true strategic business partner.

In an effort to be more efficient, we carried out a number of actions, among them the installation of the Aristos system which will integrate all the global platforms and local systems with the participation of more than 100 professionals in Mexico and Spain. Another step forward in 2008 was the transformation of our Human Resources Directive and Managerial Model.

In 2008 took place the construction of an information cube that will allow for simple, de-centralized data analysis to expedite Human Resource Information. The area also made efficient use of the e-learning scheme, a platform called *CONOCE*, which in 2008 accounted for 31.3% of the training given during the year.

Attracting young talent to the organization was a priority, and our trainees program, aimed at staff and business areas, brought 193 recent university graduates to work at BBVA Bancomer.

BBVA Bancomer's leadership has been identified as an agent of change and distinction, which inspires this area to shape executive talent through the *School of Management* and executive training programs involving a total of 7,114 executives to date.

Human Resources looks for opportunities to work together with our personnel, building closer ties and a sense of commitment and keeping in touch with our associates' perceptions of the business. In 2008 we conducted surveys on the organizational climate, polling a record 26,498 employees, close to 80% of the total work force of Grupo BBVA Bancomer.

Our Human Resources Area strives to transcend the labor climate, en effort exemplified in the program *Gente BBVA Bancomer*. Several events were organized during the year, like the *Athletic Race* held simultaneously in ten cities in Mexico, in which more than 12,000 people participated; and the *Summer Entrepreneur* program, with 290 18- to 20-year old participantes, who are the sons and daughters of employees.

The Academic program is used to select and develop the best talent from our branch network and/or staff areas, where 1,729 participants were trained in 2008.

A key project in the retail network is the *Banco Modelo*, which provides the knowledge and skills necessary to train candidates for cashiers' positions. The program includes practice in an office equipped with the infrastructure of a real retail branch network. There are actually four centers that provide this training nationwide: Mexico City, Monterrey, Guadalajara and Puebla, with a total of 2,454 participants in 2008.

Internal Auditing

The Internal Auditing area faced the challenges of restructuring and strengthening the abilities of its team in order to bring greater value and efficiency to the organization. It now has a structure that allows it to serve the local and global needs of the business, while remaining fully independent. Teams of specialists were assembled to evaluate control and risk management systems with a comprehensive focus.

One basic element of this new focus is process auditing. Besides fulfilling the usual purposes of control and compliance, the area worked with business units to evaluate the efficacy and efficiency of their processes, resulting in initiatives to take advantage of business opportunities and generate savings.

The area also concentrated on developing its work teams, investing in training and international certification. By the end of 2008, 11% of the auditing team had some type of certification.

In 2008, Internal Auditing covered 39% of our office network. Through long-distance auditing, nine out of every ten offices were contacted and the range of transactions that are continually monitored was increased. Through central credit quality analysis, the area covered 48% of the commercial portfolio, compared to 31% the year before.

Evaluation of risk models according to the criteria of the Basle II accords and the CNBV was another crucial activity last year, particularly with regard to the mortgage and credit card portfolios.

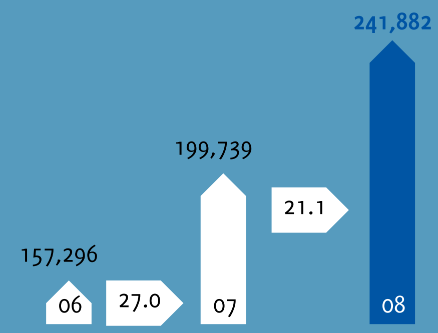
Finally, the area reviewed the security of our information systems, technological infrastructure and business support applications. In these areas, Internal Auditing helped strengthen internal controls and protect the information of our clients.

Management Discussion and Analysis

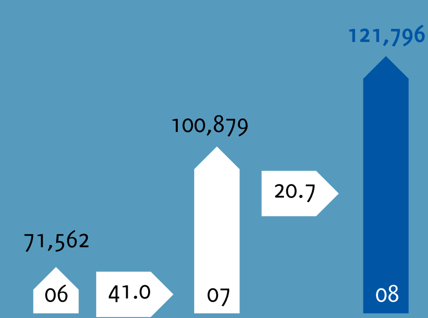
Highlights

In 2008, the main factor in growth was interest income, driven by a high level of lending activity and deposits, combined with good price management. Recurrent basic margin (financial margin plus MPE plus commissions less expenses) rose by 7,065 mp, or 15.8%, over 2007.

Performing commercial loans
(Million pesos and % annual change)
Includes bridge loans



Individual loan portfolio
(Million pesos and % annual change)
Without old mortgage portfolio and UDI trusts



Business Evolution

Performing loans excluding UDI trusts grew 11.3% or 49,476 mp between December 2007 and December 2008, to 486,634 mp.

Commercial loans rose by a year-to-year rate of 25.4% or 38,147 mp, totaling 188,282 mp. Within the commercial portfolio, mid-sized businesses did particular well, up 35.4% over 2007. Loans to financial institutions also improved, rising 21.7% over the previous year, adding 1,829 mp to the portfolio, to bring the total balance to 10,267 mp.

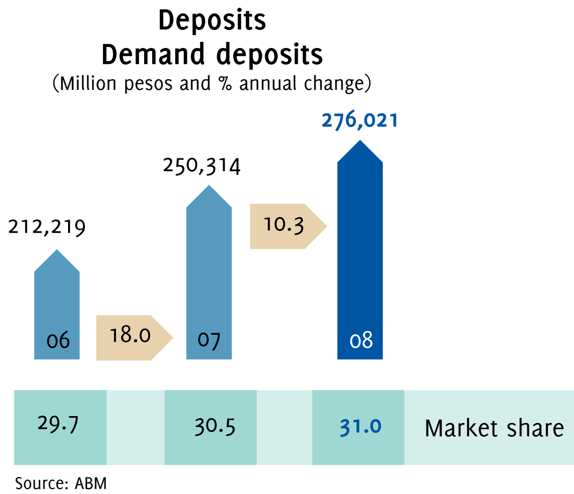
Home mortgages (without UDI trusts) totaled 111,416 mp in December 2008, a 7.2% growth, or 7,481 mp over the same period of the previous year. In the 12-month period, BBVA Bancomer placed more than 65,000 individual mortgage loans, and financed the construction of more than 96,000 homes through developer financing. We reached a market share of 32.8%[1] in terms of amount of loans originated in the individual segment.

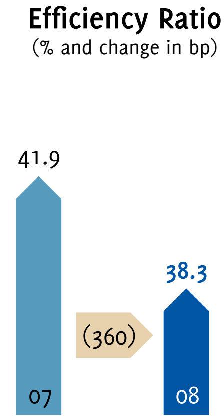
The consumer credit portfolio totaled 130,469 mp as of December 2008, a decline of 0.6% or 768 mp over December 2007. Finally, current loans to the government (excluding UDI trusts) totaled 46,200 mp, a 6.4% growth, or 2,787 mp higher than the previous year.

The total amount of resources brought in to the institution (demand deposit, time deposits, credit instruments and mutual funds) stood at 731,708 mp in December 2008, a year-to-year gain of 11.5% or 75,461 mp.

Demand deposits totaled 325,164 mp, a year-to-year increase of 12.4% of 35,989 mp. Time deposits totaled

[1] Source: ABM, SHF and Su Casita.





183,331 mp as of December 2008, a 14.6% increase over December 2007. Credit instruments issued in the 12-month period totaled 46,651 mp, a 72.3% growth over the same period of the previous year. Finally, mutual funds had a total of 176,562 mp in assets under administration in December 2008, 1.9% lower than in the same month of 2007.

Net Interest Income

Net interest income totaled 62,775 mp in 2008, a rise of 21.3% or 11,031 mp over 2007. This growth is attributed to a strong rate of growth in both lending and deposits, a favorable mix of deposits, and proper price management.

Loan-Loss Reserves

In 2008, charges for allocations to loan-loss reserves totaled 23,969 mp, due to a growth in the loan portfolio and a the relative weight of consumer credit in the total portfolio of 25.9%.

Net Fees and Commissions

Fees and commissions revenues totaled 21,614 mp in 2008, down by 1.8% in the year, primarily because of a 9.4% drop in credit and debit card commissions.

Another area contributing to the decline in non-interest income was commissions for Afore, Pension Funds and SAR, which totaled 2,127 mp as of December 2008, 5.6% less than in the previous year.

The Group became less dependent on fees and commissions revenues in 2008 than in 2007—this category made up 25.6% of total revenues (net interest income before MPE plus commissions), compared to 29.1% in 2007.

Market-Related Activities

Results from market-related activities showed a gain of 388 mp in 2008, compared to a loss of 57 mp in the previous year.

Administration and Promotion Expenses

This expense totaled 32,480 mp, 5.1% or 1,579 mp higher than in 2007. Manageable spending (wages and benefits, administrative and operating expenses) rose only 4.1%, or by 964 mp, in the year, but non-manageable spending (rent, depreciation, amortization, VAT and other taxes, and IPAB fees) came back 8.4% or 615 mp, from 2007.

Other Income Statement Lines

The net result on the other proceeds and expenses line was a positive 1,763 mp, due to other recoveries and consolidation of subsidiaries.

Net Income

Net income for 2008 was 10.9% higher than 2007, closing the year at 25,899 mp. The advance was fueled by a broader net interest margin, encouraged by more loans and a large portfolio, combined with satisfactory price management.

Corporate Citizenship

Fundación Bancomer

In 2008, Fundación BBVA Bancomer created, transformed and fortified educational and cultural programs, aiming to become a leader in corporate citizenship in Mexico.

During the year, Fundación BBVA Bancomer continued its program of scholarships and mentoring for the children of migrant workers who stay behind when a parent or parents move away, called *Por los que se quedan.* The scholarship provides aid of Ps1,000 a month during the ten months of the school cycle, during the three years of secondary education.

The program has a coverage of 600 grants for the classes of 2006-2009; 5,600 for 2007-2010; and 10,600 for 2008-2011.

	Generations		
	2006-2009	2007-2010	2008-2011
Integration grants *Por los que se Quedan*	600	5,600	10,600
Bancomer branches	8	77	86
Bancomer employees participating as mentors	41	351	390
Municipalities	6	70	78
States	3	10	10

The Foundation also helped produce a documentary film called *Los que se quedan*, directed by Juan Carlos Rulfo and Carlos Hagerman, dealing with the lives of a group of families from various regions of Mexico who have been affected by the phenomenon of migration.

Fomento Cultural, the arts support area of Fundación BBVA Bancomer, focused its efforts on promoting 38 artistic and cultural projects. It sent out the first university-level call for entries in a short film contest called *Hazlo en Cortometraje.* The response from students was enthusiastic, with 180 entries received from 24 states of Mexico. It also produced 13 television programs entitled *Sueños en Tránsito* (Dreams in transit) with the participation of Ignacio Deschamps, Chairman and CEO of BBVA Bancomer.

Bancomer en la Educación created programs to support the formal education of Mexican children and young people, particularly those who excel academically and come from poor families. A total of 1,620 grants were given to technical school and on-line preparatory school students. Additionally, through the *Children's Knowledge Olympics*, we awarded scholarships to 5,000 students in collaboration with the Ministry of Public Education (SEP).

To promote environmental awareness, we gave out more than 12,300 scholarships for environmental education workshops for public schoolchildren. We also supported schools in flooded areas of the state of Tabasco, re-equipping 600 preschools, primary and secondary schools in an alliance with federal and state governments, benefiting more than 320,000 students. We also

began building an Educational Center in Ostuacán, Chiapas, while introducing a Preschool Prevention Education Program in the State of Mexico, providing information and education to more than 3.5 million children on the topic of addictions.

Voluntariado Bancomer offers services to low-income communities in the form of courses and training worshops like ongoing education, computer courses, English, personal development, games and reading motivation, through 24 Comprehensive Educational Centers throughout Mexico. A number of institutions participated in the project, like the National Institute for Adult Education (INEA), the Ministry of Labor, Microsoft, Fundación Proempleo, and others. In 2008, it served a total of 2,314 students.

Corporate Citizenship and Reputation

Corporate Citizenship is one of BBVA Bancomer's principles. It represents our commitment to contributing maximum value to our direct stakeholders (shareholders, clients, employees and vendors) and to the society in which we operate. Our aim is to contribute to the development of society and preservation of the environment, through responsible conduct toward the persons and social groups with which we interact.

In 2008, The Corporate Citizenship Area was made a formal part of BBVA Bancomer, and given the task of staying abreast of stakeholder opinions, and proposing and coordinating concrete actions in the area of Corporate Citizenship and Reputation.

A special committee was created to address these goals, headed by Chairman and CEO Ignacio Deschamps, made up of business areas, support areas, and executives, all of whom contribute to bringing about change with the involvement and commitment of every level of the organization. This work group evaluates areas of opportunity, expectations of interest groups and actions the Institution may take to develop as a Good Corporate Citizen.

In 2008, the Global *Eco-Efficiency Plan 2008-2012* was launched. It is an institution-wide plan for managing our environmental protection objectives by seeking to minimize direct environmental impact and reduce the carbon footprint.

The global objectives of this program are to reduce:

20% of C02 emissions	(from 3,094 to 2,475 tpy)
10% of paper use	(from 0,199 to 0.107 tpy)
7% of its water use	(from 26,10 to 24,748 m3 py)
2% of energy (electricity use)	(24,185 to 23,702 Gjpy)
To have 20% of employees working in ISO 14001-certified workplaces	(26,000 employees)
LEED gold headquarters	(14,500 employees Madrid and Mexico)

For the ninth year in a row, BBVA Bancomer was recognized by the Mexican Center for Philanthropy as a Socially Responsible Company.

Steering Committee

Name	Position
Ignacio Deschamps González	President and Chief Executive Officer
Luis Robles Miaja	Vice Chairman of the Board, General Director of Communication and Institutional Relations
Eduardo Ávila Zaragoza	General Director Finance and Comptrollership
Ramón Arroyo Ramos	General Director Human Resources
José Fernando Pío Díaz Castañares	General Director Legal Counsel
Gustavo Garmendia Reyes	General Director Internal Auditing
Alfredo Castillo Triguero	General Director Risks and Credit Recovery
Sergio Salvador Sánchez	General Director Systems and Operations
David Powell Finneran	General Director, Global Clients Mexico
Juan Pablo Ávila Palafox	General Director, Commercial Banking
Gerardo Vargas Ateca	General Director Corporate Banking and Investment
Gerardo Flores Hinojosa	General Director Middle-Market and Government Banking
Eduardo Osuna Osuna	General Director, Mortgage Banking
Héctor Paniagua Patiño	General Director, Consumer Credit Unit
José Antonio Ordás Porrás	General Director, Global Markets

Board of Directors

Grupo Financiero BBVA Bancomer, S.A. de C.V.,
BBVA Bancomer, S.A. and
BBVA Bancomer Servicios, S.A.

Directors	Alternate Directors
Manuel Arango Arias *	Cuauhtémoc Pérez Román *
Gastón Azcárraga Andrade *	Jaime Serra Puche *
Alberto Bailleres González	Arturo Manuel Fernández Pérez
Alejandro Burillo Azcárraga *	José Fernando de Almansa y Moreno-Barreda*
Ignacio Deschamps González *(Chairman and CEO)*	
Pablo Escandón Cusi *	Andrés Alejandro Aymes Blanchet *
José Antonio Fernández Carbajal	Carlos Salazar Lomelín
Bárbara Garza Lagüera Gonda	José Sevilla Álvarez
Francisco González Rodríguez	José Ignacio Goirigolzarri Tellaeche
Ricardo Guajardo Touché *	Vitalino Manuel Nafría Aznar *
Héctor Rangel Domene	Luis Robles Miaja *(Vice Chairman)*

Secretary

José Fernando Pío Díaz Castañares

Secretary Pro Term

Pablo Enrique Mendoza Martell

Regular Statutory Auditor

José Manuel Canal Hernando

Alternate Statutory Auditor

Ernesto González Dávila

* Independent Members

The current Board of Directors was approved in the General Ordinary Shareholders meeting of April 28, 2008.

Regional Board Members

Chairmen

María de Lourdes Giraud Espinosa	Metropolitano
Antonio Romo Femat	Aguascalientes
Rodrigo Valle Hernández	Baja California Norte
Carlos De La Madrid Virgen	Colima
Justo Javier Ezquer García	Cuernavaca
José Francisco Gutiérrez Gutiérrez	Chiapas
Rómulo Escobar Valdéz	Chihuahua
Eduardo José Vela Ruíz	Golfo
Valentín González Cosio Elcoro	Jalisco
Luis Rodrigo González Fuentes	Guanajuato
Roberto Villarreal Maíz	La Laguna
Eduardo Florentino Ramírez Villalón	Michoacán
Eduardo Garza T. Fernández	Monterrey
José Octavio Menchaca Díaz Del Guante	Nayarit
Antonio Eugenio Díaz Fernández	Oaxaca
Romualdo Tellería Beltrán	Pachuca
Alejandro Gomory Rivas	Peninsular
Angel Fernández Carbajal	Puebla
Ernesto Alfonso Sterling Bours	Querétaro
Vicente Rangel Lozano	San Luis Potosí
José Enrique Rodarte Salazar	Sinaloa
José Ramón Fernández Aguilar	Sonora
David Gustavo Gutiérrez Ruíz	Tabasco
Antonio Chedraui Mafud	Veracruz
José Chapur Zahoul	Quintana Roo
Carlos Alejandro Monroy Carrillo	Toluca

Independent Auditors' Report

Independent Auditors' Report to the
Board of Directors and Stockholders of Grupo Financiero BBVA Bancomer, S.A. de C.V. and Subsidiaries

Deloitte.

We have audited the accompanying consolidated balance sheets of Grupo Financiero BBVA Bancomer, S.A. de C.V. and Subsidiaries (the "Financial Group") as of December 31, 2008 and 2007, and the related consolidated statements of income, changes in stockholders' equity and changes in financial position for the years then ended, all expressed in millions of Mexican pesos. These financial statements are the responsibility of the Financial Group's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Mexico. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and that they are prepared in conformity with the accounting criteria established by the Mexican National Banking and Securities Commission (the "Commission"). An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting criteria used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Note 2 to the financial statements describes the operations of the Financial Group and the conditions of the current economic environment due to the world financial crisis which is affecting it. Note 4 describes the accounting criteria established by the Commission through the issuance of accounting regulations for such purpose, which the Financial Group uses for the preparation of its financial information, as well as the modifications to such accounting criteria which went into effect during 2008, as a result of which the financial statements are not comparable, as well as others which will go into effect as of January 1, 2009. Note 5 indicates the principal differences between the accounting criteria established by the Commission and the financial reporting standards applicable in Mexico, commonly used in the preparation of financial statements for other types of unregulated entities.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Grupo Financiero BBVA Bancomer, S.A. de C.V. and Subsidiaries as of December 31, 2008 and 2007, and the results of their operations, changes in their stockholders' equity and changes in their financial position for the years then ended in conformity with the accounting criteria established by the Commission.

The accompanying consolidated financial statements have been translated into English for the convenience of users.

Galaz, Yamazaki, Ruiz Urquiza, S. C.
Member of Deloitte Touche Tohmatsu

CPC Jorge Tapia del Barrio
January 30, 2009

Consolidated Balance Sheets

At December 31, 2008 and 2007
(In millions of Mexican pesos)

ASSETS	2008	2007
Cash and due from banks	$ 172,562	$ 120,268
Securities:		
Trading	215,187	322,256
Available for sale	79,695	54,037
Held to maturity	12,925	12,080
	307,807	388,373
Transactions with securities and derivatives:		
Debtor balances in repurchase and resale agreements	43	–
Derivatives	139,092	60,823
	139,135	60,823
Performing loans:		
Commercial loans-		
Business or commercial activity	188,282	150,135
Financial entities	10,267	8,438
Government entities	46,200	44,145
	244,749	202,718
Consumer	130,469	131,237
Mortgage	128,078	122,087
Total performing loans	503,296	456,042
Non-performing loans:		
Commercial loans-		
Business or commercial activity	2,146	780
Consumer	10,079	6,620
Mortgage	4,204	3,284
Total non-performing loans	16,429	10,684
Total loans	519,725	466,726
Allowance for loan losses	(25,569)	(16,808)
Total loans, net	494,156	449,918
Receivables, sundry debtors and prepayments, net	25,052	12,365
Repossessed assets, net	1,667	1,325
Property, furniture and equipment, net	17,003	16,108
Equity investments	6,913	5,723
Deferred taxes, net	5,170	429
Other assets:		
Goodwill	7,972	8,044
Deferred charges, prepaid expenses and intangibles	3,556	3,338
	11,528	11,382
Total assets	**$ 1,180,993**	**$ 1,066,714**

MEMORANDUM ACCOUNTS	2008	2007
TRANSACTIONS ON BEHALF OF THIRD PARTIES		
Customer current accounts:		
Customer cash balances	$ 18	$ 26
Customer transaction settlements	2,403	21
	2,421	47
Customer securities:		
Held in custody	481,867	494,179
Securities and notes held in guarantee	118	7,512
	481,985	501,691
Transactions on behalf of customers:		
Repurchase and resale agreements	37	–
Securities on loan (lending party)	288	289
Customer option purchase transactions	1	–
	326	289
Investment banking transactions on behalf of third parties, net	31,123	24,995
Total on behalf of third parties	**$ 515,855**	**$ 527,022**

These balance sheets, consolidated with those of the financial entities and other companies forming part of the Financial Group and which can be consolidated, were prepared according to Accounting Principles applicable to Financial Group Holding Companies issued by the Mexican National Banking and Securities Commission according to Article 30 of the Law of Financial Institutions, of general and compulsory observance, consistently applied, reflecting the operations conducted by the holding company and the financial entities and the other companies forming part of the Financial Group and which can be consolidated as of the dates stated above, which were carried out and valued according to sound practices and applicable legal and administrative dispositions.

These consolidated balance sheets were approved by the Board of Directors under the responsibility of the signatories.

Ignacio Deschamps González	Eduardo Ávila Zaragoza	Gustavo César Garmendia Reyes	Beatriz Zabal Trujillo
Chief Executive Officer	General Director, Finance	General Director, Auditing	Director, Corporate Accounting

The accompanying notes are an integral part of these consolidated balance sheets.

LIABILITIES		2008		2007
Deposits:				
Demand deposits	$	325,164	$	289,175
Time deposits-				
The general public		158,860		129,657
Money market		24,471		30,327
		183,331		159,984
Bank bonds		46,651		27,081
		555,146		476,240
Interbank loans and loans from other entities:				
Payable on demand		22,441		7,792
Short-term		7,786		10,325
Long-term		8,592		7,402
		38,819		25,519
Transactions with securities and derivatives:				
Creditor balances in repurchase and resale agreements		259,260		335,469
Collateral sold in repurchase agreements		–		5
Creditor balances in lending securities transactions		457		9,032
Derivatives		147,209		63,473
		406,926		407,979
Other payables:				
Income taxes and employee profit sharing		1,649		995
Accrued liabilities and other		32,397		29,740
		34,046		30,735
Subordinated debt		36,182		23,526
Deferred credits and advanced collections		1,832		1,411
Total liabilities		1,072,951		965,410
STOCKHOLDERS' EQUITY				
Subscribed capital:				
Paid-in capital		18,936		16,211
Share premium		33,766		34,775
Earned capital:				
Capital reserves		242		249
Results of prior years		28,588		25,173
Results from holding non-monetary assets		–		979
Net income		25,899		23,363
Majority stockholders' equity		107,431		100,750
Minority interest in consolidated subsidiaries		611		554
Total stockholders' equity		108,042		101,304
Total liabilities and stockholders' equity	**$**	**1,180,993**	**$**	**1,066,714**

MEMORANDUM ACCOUNTS		2008		2007
FINANCIAL GROUP'S OWN TRANSACTIONS				
Control accounts:				
Contingent assets and liabilities	$	118	$	93
Credit commitments		220,101		214,994
Assets in trust or under mandate				
Trust		276,910		218,090
Under mandate		2,340,914		2,680,536
		2,617,824		2,898,626
Assets in custody or under administration		1,920,957		1,266,048
		4,759,000		4,379,761
Repurchase and resale agreements:				
Securities receivable from resale transactions		275,682		348,619
Less- Resale creditors		(274,093)		(345,513)
		1,589		3,106
Repurchase debtors		18,775		11,140
Less- Securities deliverable on repurchase transactions		–		(11,145)
		18,775		(5)
Collateral received by the Financial Group		27,036		–
Accrued interest on non-performing loans		2,923		3,175
Other record accounts		321,960		298,601
Total Financial Group's own transactions	**$**	**5,131,283**	**$**	**4,684,638**

		2008		2007
Historical paid-in capital	**$**	**1,020**	**$**	**1,020**
Shares delivered in custody		**17,976,612,847**		**17,917,765,002**

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Consolidated Statements of Income

For the years ended December 31, 2008 and 2007
(In millions of Mexican pesos)

	2008	2007
Interest income	$ 108,698	$ 91,851
Interest expense	(45,923)	(38,111)
Monetary loss, net	–	(1,996)
Net interest income	62,775	51,744
Provision for loan losses	(23,969)	(12,593)
Net interest income after provision for loan losses	38,806	39,151
Commission and fee income	26,864	27,439
Commission and fee expense	(5,250)	(5,434)
Trading income (loss), net	388	(57)
Net operating revenues	60,808	61,099
Non-interest expense	(32,480)	(30,901)
Operating income	28,328	30,198
Other income	6,997	4,763
Other expenses	(5,234)	(2,912)
Monetary loss, net (other)	–	(253)
Income before income taxes and employee profit sharing	30,091	31,796
Current income tax and employee profit sharing expense	(10,656)	(2,866)
Deferred income tax and employee profit sharing benefit (expense)	4,466	(6,905)
Income before share in net income of unconsolidated subsidiaries and affiliates	23,901	22,025
Share in net income of unconsolidated subsidiaries and affiliates	2,170	1,466
Income before minority interest	26,071	23,491
Minority interest, net	(172)	(128)
Net income	**$ 25,899**	**$ 23,363**

These income statements, consolidated with those of the financial entities and other companies forming part of the Financial Group and which can be consolidated, were prepared according to Accounting Principles applicable to Financial Group Holding Companies issued by the Mexican National Banking and Securities Commission according to Article 30 of the Law of Financial Institutions, of general and compulsory observance, consistently applied, reflecting all of the revenues and expenses derived from the operations conducted by the holding company and the financial entities and other companies forming part of the Financial Group and which can be consolidated as of the dates stated above, which were carried out and valued according to sound practices and applicable legal and administrative dispositions.

These consolidated income statements were approved by the Board of Directors under the responsibility of the signatories.

Ignacio Deschamps González Chief Executive Officer	**Eduardo Ávila Zaragoza** General Director, Finance	**Gustavo César Garmendia Reyes** General Director, Auditing	**Beatriz Zabal Trujillo** Director, Corporate Accounting

The accompanying notes are an integral part of these consolidated statements.

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2008 and 2007
(In millions of Mexican pesos)

	Subscribed Capital	
	Capital Paid-in	Share Premium
Balances at December 31, 2006	$ 14,100	$ 36,002
Initial recognition of the valuation of hedging instruments for changes in accounting criteria	–	–
Balances at January 1, 2007	14,100	36,002
Movements due to stockholders' decisions-		
Transfer of 2006 net income	–	–
Capitalization of restatement	2,111	(1,227)
Cash dividends paid	–	–
Dividends paid by Administradora de Fondos para el Retiro Bancomer, S.A. de C.V.	–	–
Total	2,111	(1,227)
Comprehensive income movements-		
Net income for the year	–	–
Transfer of adjustment for valuation of hedging instruments	–	–
Result from holding non-monetary assets	–	–
Incorporation of new companies into the consolidation	–	–
Adjustment for valuation of associated companies	–	–
Total	–	–
Balances at December 31, 2007	16,211	34,775
Recognition of correction in the allowance for loan losses of the consumer portfolio and the FOVI-type mortgage portfolio	–	–
Balances at January 1, 2008	16,211	34,775
Movements due to stockholders' decisions-		
Transfer of 2007 net income	–	–
Capitalization of restatement	2,725	(1,009)
Cash dividends paid	–	–
Dividends paid by Administradora de Fondos para el Retiro Bancomer, S.A. de C.V.	–	–
Total	2,725	(1,009)
Comprehensive income movements-		
Net income for the year	–	–
Adjustment for the valuation of equity in subsidiaries	–	–
Changes in the stockholders' equity of subsidiaries	–	–
Total	–	–
Balances at December 31, 2008	$ 18,936	$ 33,766

These statements of changes in stockholders' equity, consolidated with those of the financial entities and other companies forming part of the Financial Group and which can be consolidated, were prepared according to Accounting Principles applicable to Financial Group Holding Companies issued by the Mexican National Banking and Securities Commission according to Article 30 of the Law of Financial Institutions, of general and compulsory observance, consistently applied, reflecting all of the movements in equity accounts derived from the operations conducted by the holding company and the financial entities and other companies that form part of the Financial Group and which can be consolidated as of the dates stated above, which were carried out and valued according to sound practices and applicable legal and administrative dispositions.

These consolidated statements of changes in stockholders' equity were approved by the Board of Directors under the responsibility of the signatories.

Ignacio Deschamps González
Chief Executive Officer

Eduardo Ávila Zaragoza
General Director, Finance

Gustavo César Garmendia Reyes
General Director, Auditing

Beatriz Zabal Trujillo
Director, Corporate Accounting

The accompanying notes are an integral part of these consolidated financial statements.

Earned Capital					
Capital Reserves	Results of Prior Years	Results from Holding Non-monetary Assets	Net Income	Minority Interest in Consolidated Subsidiaries	Total Stockholders' Equity
$ 258	$ 19,967	$ 19	$ 22,444	$ 584	$ 93,374
–	–	2,306	(24)	–	2,282
258	19,967	2,325	22,420	584	95,656
–	22,444	–	(22,444)	–	–
(9)	(856)	(19)	–	–	–
–	(16,353)	–	–	–	(16,353)
–	–	–	–	(164)	(164)
(9)	5,235	(19)	(22,444)	(164)	(16,517)
–	–	–	23,363	128	23,491
–	(24)	–	24	–	–
–	–	(1,327)	–	–	(1,327)
–	–	–	–	6	6
–	(5)	–	–	–	(5)
–	(29)	(1,327)	23,387	134	22,165
249	25,173	979	23,363	554	101,304
–	(1,223)	–	–	–	(1,223)
249	23,950	979	23,363	554	100,081
–	23,363	–	(23,363)	–	–
(7)	(730)	(979)	–	–	–
–	(18,691)	–	–	–	(18,691)
–	–	–	–	(113)	(113)
(7)	3,942	(979)	(23,363)	(113)	(18,804)
–	–	–	25,899	172	26,071
–	696	–	–	–	696
–	–	–	–	(2)	(2)
–	696	–	25,899	170	26,765
$ 242	$ 28,588	$ –	$ 25,899	$ 611	$ 108,042

Consolidated Statements of Changes in Financial Position

For the years ended December 31, 2008 and 2007
(In millions of Mexican pesos)

	2008	2007
Operating activities:		
Result before minority interest	$ 26,071	$ 23,491
Add (deduct)- Charges (credits) to income, not affecting cash		
Fair value results	5,668	(3,856)
Provision for loan losses	23,969	12,593
Depreciation and amortization	2,067	2,029
Deferred income tax and employee profit sharing expense (benefit)	(4,466)	6,905
Provision for sundry obligations	720	(962)
Share in net income of consolidated subsidiaries and associated	(2,170)	(1,466)
	51,859	38,734
Changes in operating-related items-		
Increase in deposits	78,864	57,370
Increase in loan portfolio	(67,646)	(90,269)
(Increase) decrease in treasury (financial instruments and balance in repurchase and resale agreements)	(5,538)	8,117
Increase in trading derivatives	2,098	252
Increase (decrease) in interbank and other loans	13,300	(207)
Net resources provided by operating activities	72,937	13,997
Financing activities:		
Increase in subordinated debt	12,160	15,102
Cash dividends paid by Administradora de Fondos para el Retiro Bancomer, S.A. de C.V. and others (minority interest)	(113)	(164)
Cash dividends paid	(18,691)	(16,353)
Decrease in capital accounts	(1,223)	–
Increase (decrease) in other payables	2,591	(15,106)
Net resources used in financing activities	(5,276)	(16,521)
Investing activities:		
Increase in property, furniture and equipment, net	(2,962)	(2,969)
Decrease in equity investments	1,004	1,386
Increase in repossessed assets, net	(342)	(262)
Other assets, other liabilities, deferred charges and credits, net	(380)	691
(Increase) decrease in other receivables	(12,687)	4,718
Net resources (used in) provided by investing activities	(15,367)	3,564
Net increase in cash and due from banks	52,294	1,040
Cash and due from banks at beginning of year	120,268	119,228
Cash and due from banks at end of year	**$ 172,562**	**$ 120,268**

These statements of changes in financial position, consolidated with those of the financial entities and other companies forming part of the Financial Group and which can be consolidated, were prepared according to Accounting Principles applicable to Financial Group Holding Companies issued by the Mexican National Banking and Securities Commission according to Article 30 of the Law of Financial Institutions, of general and compulsory observance, consistently applied, reflecting all of the sources and applications of resources derived from the operations conducted by the holding company and the financial entities and other companies forming part of the Financial Group and which can be consolidated as of the dates stated above, which were carried out and valued according to sound practices and applicable legal and administrative dispositions.

These consolidated statements of changes in financial position were approved by the Board of Directors under the responsibility of the signatories.

Ignacio Deschamps González	Eduardo Ávila Zaragoza	Gustavo César Garmendia Reyes	Beatriz Zabal Trujillo
Chief Executive Officer	General Director, Finance	General Director, Auditing	Director, Corporate Accounting

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2008 and 2007
(In millions of Mexican pesos)

1. Explanation added for translation into English

The accompanying consolidated financial statements have been translated into English from the original statements prepared in Spanish for use outside of Mexico. The accounting criteria of Grupo Financiero BBVA Bancomer, S.A. de C.V. and subsidiaries (the "Financial Group") used in preparing the accompanying financial statements conform with the financial reporting requirements prescribed by the Mexican National Banking and Securities Commission (the "Commission") but do not conform with Mexican Financial Reporting Standards ("MFRS") and may differ in certain significant respects from the financial reporting standards accepted in the country of use.

2. Incorporation and corporate purpose

The Financial Group has been authorized by the Mexican Treasury Department ("SHCP") to be incorporated and operate as a financial group under the terms established by the Mexican Financial Group Law, subject to monitoring by the Commission. Its operations consist of rendering full service banking, acting as intermediary in the stock market, and acquiring and managing shares issued by insurance, pension and bonding entities, leasing and financial factoring companies, investment funds and by any other types of financial associations or entities, or by entities determined by SHCP, based on the Mexican Financial Group Law. The transactions of the Financial Group are regulated by the Commission, the Mexican Credit Institutions Law, the Mexican Securities Exchange Law, and general rules issued by Banco de México. The unconsolidated subsidiaries are regulated, depending on their activity, by the Commission, the Mexican National Insurance and Bonding Commission, and other applicable laws.

By law, the Financial Group has unlimited liability for the obligations and losses of each of its subsidiaries.

The Commission, as regulator of financial groups, is empowered to review the financial information of the Financial Group and can request changes thereto.

The main regulatory provisions require credit institutions to maintain a minimum capital ratio in relation to the credit and market risks of their operations, comply with certain limits with respect to deposit acceptance, debentures and other kinds of funding, which may be denominated in foreign currency, and establish minimum limits for paid in capital and capital reserves, with which the Financial Group complies satisfactorily.

BBVA Bancomer, S.A. (BBVA Bancomer) and BBVA Bancomer Servicios, S.A. de C.V. do not have any employees except for the Chief Executive Officer of BBVA Bancomer. These institutions are managed by BBVA Bancomer Operadora, S.A. de C.V. and BBVA Bancomer Servicios Administrativos, S.A. de C.V., which provide advice and administrative personnel in accordance with the contract executed by both parties.

As a result of the global economic downturn which gathered pace in the final quarter of 2008, the world financial markets have experienced extreme volatility as a result of the bankruptcy and financial rescue of certain financial institutions, mainly in the United States of America. This has resulted in shareholder aversion to risk in the local environment, as reflected by a drop in stock markets, a credit crunch and a market liquidity crisis, together with a depreciation of approximately 30% of the Mexican peso against the US dollar. This situation resulted in significant growth in the non-performing portfolio of the Financial Group.

3. Basis of preparation of the financial statements

Consolidation of financial statements - The accompanying consolidated financial statements include the financial statements of Grupo Financiero BBVA Bancomer, S.A. de C.V. and its subsidiaries in which control is exercised. Equity investments in mutual funds, insurance and bonding companies and pension funds are valued according to the equity method, in conformity with accounting criteria prescribed by the Commission. All significant intercompany balances and transactions have been eliminated in consolidation.

As of December 31, 2008, the consolidated subsidiaries of the Financial Group are the following:

– BBVA Bancomer, S.A., Institución de Banca Múltiple and Subsidiaries
– BBVA Bancomer Servicios, S.A., Institución de Banca Múltiple
– Casa de Bolsa BBVA Bancomer, S.A. de C.V.
– BBVA Bancomer Operadora, S.A. de C.V. and Subsidiaries
– BBVA Bancomer Servicios Administrativos, S.A. de C.V.
– BBVA Bancomer Gestión, S.A. de C.V.
– Hipotecaria Nacional, S.A. de C.V., Limited Purpose Financial Company and Subsidiaries.

The Financial Group holds 99.99% of the equity of these subsidiaries.

Condensed financial information of the Financial Group's principal unconsolidated subsidiaries is as follows:

Company	%	Assets	Liabilities	Stockholders' Equity	Net Income
Seguros BBVA Bancomer, S.A. de C.V.	75.01	$ 28,189	$ 24,323	$ 3,866	$ 2,235
Pensiones BBVA Bancomer, S.A. de C.V.	99.99	$ 26,838	$ 24,939	$ 1,899	$ 395

Comprehensive income - This item is composed by the net result for the year plus any transactions that represent a gain or loss in the same period, which according to the accounting practices followed by the Financial Group, are recorded directly in stockholders' equity.

4. Significant accounting policies

The accounting policies of the Financial Group, which are in conformity with the accounting criteria of the Commission established in general provisions, as well as in general and specific official letters issued for such purposes, require that management make certain estimates and use certain assumptions to determine the valuation of some of the items included in the financial statements and make the required disclosures to be included therein. While the estimates and assumptions used may differ from their final effect, management believes they were adequate under the circumstances.

In accordance with accounting criterion A-1 issued by the Commission, the accounting of the Financial Group will be adjusted to MFRS, as established by the Mexican Board for the Research and Development of Financial Reporting Standards ("CINIF"), except when, in the judgment of the Commission, a specific accounting provision or standard must be applied on the basis that financial institutions carry out specialized operations.

Changes in accounting policies and estimates - On September 1, 2008, the Commission issued a ruling modifying the Regulations, in which accounting criteria C-1 "Recognition and derecognition of financial assets" and C-2 "Securitization operations" are replaced and accounting criterion C-5 "Consolidation of specific purpose entities" is added. This regulation will go into effect on January 1, 2009, except for the application of C-1, which, as indicated in the following paragraph, should be applied as of October 14, 2008.

Furthermore, on October 13, 2008, the Commission issued a ruling modifying the Regulations, in which accounting criteria B-3 "Repurchase agreements", B-4 "Securities loans" and C-1 "Recognition and derecognition of financial assets" are replaced, as well as criteria D-1 "Balance sheet", D-2 "Statement of income" and D-4 "Statement of changes in financial position". The application of criteria B-3, B-4 and C-1 will be made on a "prospective" basis, as established in NIF B-1 "Accounting changes and error corrections", for which reason the transactions already recognized were not reevaluated.

On October 16, 2008, in official letter number 100-035/2008, the Commission informed the Mexican Banking Association that in order to standardize its accounting criteria to reflect a ruling issued by the International Accounting Standards Board, credit institutions will be able to transfer investments in securities they hold in the category of "Trading securities" to the category of "Securities available for sale" or that of "Securities held to maturity" at the last book value recognized in the balance sheet at the time of the reclassification, without reversing any valuation recognized in results at the date of the transfer. Furthermore, they will be able transfer securities from the category of "Securities available for sale" to that of "Securities held to maturity" at the last book value recognized in the balance sheet at the time of the reclassification, without reversing any valuation recognized in stockholders' equity at the date of the transfer, which will be amortized in results of the year based on the remaining useful life of the security in question. This accounting treatment may only be applied in the final quarter of 2008.

The most significant effect of these changes is explained below:

Recognition and derecognition of financial assets - It is established that in order for an institution to derecognize a financial asset, all the contractual rights to receive the cash flows derived from the financial asset must be transferred or, if the contractual rights to receive the cash flows from the financial assets are retained, a contractual obligation is assumed at the same time to pay such cash flows to a third-party who fulfills certain requirements. Furthermore, it is considered a requirement to substantially transfer the risks and benefits in order to be able to eliminate the asset as a sale. This modification affects the accounting recognition of the repurchase agreement and securities loans, as well as the securitization operations mentioned below.

Repurchase agreements and securities loans - Up to September 30, 2008, repurchase transactions were recorded in accordance with the legal basis of the transaction, as a sale of securities, in which a repurchase agreement is established for the value securities transfer. The presentation of the transactions with the Financial Group acting as the selling and/or buying party were shown net in the balance sheet. As of October 2008, the transactions are recognized in accordance with the economic substance of the transaction, i.e. as financing with collateral. For securities loans, the accounting treatment is similar, because both operations imply the temporary transfer of financial assets in exchange for collateral. Also, this new treatment enables the institutions to report debt securities independently of the category in which they are located in the heading of investments in shares. The accounting and disclosure policies are described further below in this note.

Securitization operations - Up to 2008, portfolio securitization operations were not shown in the balance sheet because it was considered that the assets transferred complied with the requirements established for a sale and, consequently, the asset transferred, the liability derived from the issues made and the effects in results based on this treatment were not recognized. As of January 1, 2009, securitization operations must comply with the requirements established in accounting treatment C-1 in order to be considered as a sale. Otherwise, the assets must remain on the balance sheet, together with any related debt issues performed and the effects in results based on this treatment. Furthermore, the "control" requirement is established to consolidate specific purpose entities (for example, securitization trusts), regardless of the percentage of equity held therein.

Accordingly, unless it is demonstrated that the specific purpose entity is not controlled by the entity "transferring" the assets, the latter must be consolidated.

Changes in MFRS

As of January 2008, the following MFRS went into effect, after their issuance by CINIF during 2007:

– *NIF B-10, "Effects of inflation"* - Establishes two economic environments: a) an inflationary environment, when cumulative inflation of the three preceding years is 26% or more, in which case, the effects of inflation must be recognized using the comprehensive method, and b) a non-inflationary environment, when cumulative inflation of the three preceding years is less than 26%, in which case, the effects of inflation may not be recognized in the financial statements. It also eliminates the valuation methods of replacement costs and specific indexation for inventories and fixed assets, respectively, and requires the reclassification of the accumulated result from holding non-monetary assets to accumulated results, if it is identified as realized, and the unrealized result will be maintained in stockholders' equity to apply it to the result of the period in which the related originating item is realized. At the effective date of this NIF, the Financial Group reclassified the balance under the heading "Result from holding nonmonetary assets", as part of the restructuring of restatement effects in stockholders' equity. NIF B-10 establishes that this accounting change should be recognized on a prospective basis.

  The cumulative inflation of the three preceding years is 11.56%; therefore, as the economic environment qualifies as noninflationary, as of January 1, 2008, the Financial Group discontinued recognition of the effects of inflation in the financial statements. However, the assets, liabilities and stockholders' equity as of December 31, 2008 and 2007 include the restatement effects recognized up to December 31, 2007.

– *NIF D-3 "Employee benefits"*- Incorporates the employee profit sharing (PTU) incurred and deferred, as part of its regulations and establishes that deferred PTU should be determined using the same methodology established in NIF D-4. It also includes the career salary concept, and the amortization period of the following items is reduced to the lesser of five years or the employee's remaining labor life:

  – The opening balance of the transition liability for termination benefits and retirement.
  – The opening balance of previous services and plan amendments.
  – The opening balance of actuarial gains and losses from termination benefits is amortized against the results of 2008.
  – The opening balance of actuarial gains and losses from retirement benefits is amortized in five years (net of the transition liability) with the option of amortizing everything against the results of 2008.

– *NIF D-4 "Income taxes"*- Relocates the accounting recognition standards related to incurred and deferred PTU to NIF D-3, eliminates the permanent difference concept, clarifies and incorporates certain definitions and requires reclassification of the balance of the cumulative effect of income tax (ISR) to accumulated results, unless it is matched with one of the other comprehensive items which at this date have not yet been applied to results.

The principal accounting practices followed by the Financial Group are as follows:

Recognition of the effects of the inflation in the financial statements - As mentioned previously, beginning January 1, 2008, the Financial Group discontinued recognition of the effects of inflation. Through December 31, 2007, such recognition resulted mainly in inflationary gains or losses on non-monetary and monetary items that are presented in the financial statements under the following two captions:

– Results from holding non-monetary assets – This represents the accumulated monetary position result through the initial restatement of the consolidated financial statements and the gain (loss) from holding nonmonetary assets which results from restating certain nonmonetary assets above (below) inflation utilizing appraisal values.

– Monetary position result - This represents the effects of inflation on the purchasing power of monetary items and is determined by applying the inflation factor derived from the value of the investment units (UDIs) to the net asset or liability at the beginning of each month.

As mentioned previously, the effects of inflation accumulated up to December 31, 2007 are maintained in the balance sheet.

The inflation rates for the years ended December 31, 2008 and 2007 were 6.53% and 3.76%, respectively.

Cash and due from banks - Cash and due from banks are recorded at nominal value, except for silver and gold coins, which are stated at their fair value at each period-end. Available foreign funds are valued at the exchange rate published at yearend by Banco de México.

Securities -

- *Trading securities:*
  Are those securities in which the Financial Group invests to take advantage of short-term market fluctuations. The securities are stated at fair value in conformity with the following guidelines:

  Debt instruments-
  - These are valued at fair value, which must include both the principal and accrued interest.

  Stock investments-
  - These are valued at fair value, and if such value is not representative, they are valued based on the equity method referred to in Bulletin B-8, "Consolidated and combined financial statements and valuation of permanent investments in shares".
  - For those securities registered in the National Registry of Securities and Broker-Dealers (RNVI) or authorized, registered or regulated in markets recognized by the Commission, the fair value will be the price provided by the price supplier.

  Gains or losses resulting from valuation are recognized in the statement of income.

- *Securities available for sale:*
  Are debt instruments and equity securities acquired with an intention other than obtaining gains from trading them on the market or holding them to maturity. These securities are valued in the same way as trading securities, recognizing the adjustments derived from their valuation in stockholders' equity, net of any related monetary gain or loss.
- *Securities held to maturity:*
  Are represented by debt securities whose payments can be determined and whose maturities are over 90 days, acquired with the intention of holding them until maturity. They are initially recorded at acquisition cost, affecting results of the year due to interest accrual, and the discount or surcharge received or paid at the time of its acquisition, based on the straight-line method.

If there is sufficient evidence that a security held to maturity presents a high credit risk and/or that the estimated value may be other than temporarily impaired, book value is adjusted.

Any impairment is calculated taking as its base the new expected discounted cash flows, which must be recognized in results of the year.

In accordance with official letter number 100-035/2008 dated October 16, 2008, the Commission authorized credit institutions to carry out reclassifications of instruments in the securities portfolio at their individual discretion.

For this reason, on November 5, 2008, BBVA Bancomer informed the Commission of the reclassification of securities from the category of "Trading securities", to the category of "Securities available for sale", in the amount of $71,831.

The reclassified amount refers to the fixed-income position of the structural balance sheet, which does not comply with the characteristics of a trading position and is not held with the intention of holding them to maturity.

If the transfers of the aforementioned securities had not taken place, BBVA Bancomer would have generated a profit in results of $1,532 for the year ended December 31, 2008.

Repurchase transactions - Until September 30, 2008, when the Financial Group was the reselling party, repurchase transactions were recorded net and represented the difference between the fair value of the underlying securities (asset position), which represented the securities receivable under the transaction valued in conformance with the valuation criteria for securities, and the present value of the price at maturity (liability position). When the Financial Group was the repurchasing party, the net position balance represented the difference between the present value of the price at maturity (asset position) and the fair value of the securities under transaction (liability position), valued as discussed above.

Beginning October 1, 2008, repurchase agreements are recorded as follows:

At the contracting date of the repurchase transaction, when the Financial Group is the reselling party, the entry of cash or a debit settlement account, and an account payable at fair value, initially at the agreed-upon price, are recorded and represent the obligation to restitute cash to the repurchasing party. Subsequently, during the term of the repurchase transaction, the account payable is valued at fair value by recognizing the interest on the repurchase agreement using the effective interest method in results of the year.

In relation to the collateral granted, the Financial Group will reclassify the financial asset in its balance sheet as restricted, which will be valued on the criteria described above in this note, until the maturity of the repurchase transaction.

As of the contracting date of the repurchase transaction, when The Financial Group is the repurchasing party, the exit of funds available or a credit settlement account are recognized by recording an account receivable at fair value, initially at the agreed-upon price, which represents the right to recover the cash paid. Subsequently, during the term of the repurchase transaction, the account receivable is valued at fair value by recognizing the interest on the repurchase agreement using the effective interest method in results of the year.

The Financial Group will recognize the collateral received in memorandum accounts, following the guidelines for valuation established in accounting criterion B-9, until the maturity of the transaction.

Derivative financial instruments - The Financial Group carries out two different types of transactions:

- Hedging of an open risk position, which consists of the purchase or sale of derivative financial instruments to reduce the risk of a transaction or group of transactions.
- Trading, which consists of the position assumed by the Financial Group as market participant for purposes other than hedging risk positions.

The Financial Group's policies and standards require that for purposes of entering into derivative transactions, both trading parties must belong to the Financial System and have Banco de México authorization to carry out this type of transaction, classifying and, if applicable, determining risk exposure lines. Prior to carrying out these transactions, corporate customers must be granted a credit line authorized by the Credit Risk Committee or provide readily realizable guarantees through the pertinent bond contracts. Transactions involving mid-sized and small businesses, as well as individuals, are carried out through readily realizable guarantees established in bond contracts.

The assets and/or liabilities arising from transactions with derivative financial instruments are recognized or cancelled in the financial statements on the date the transaction is carried out, regardless of the date of settlement or delivery of the asset.

Hedging transactions

The result from offsetting the asset and liability positions, whether debit or credit, is presented separately from the primary position hedged, under the heading of "Transactions with securities and derivatives".

Hedge derivatives are valued at market, and the effect is recognized depending on the type of accounting hedge, as follows:

a. If they are fair value hedges, the primary position covered is valued at market and the net effect of the derivative hedge instrument is recorded in results of the period.

b. If they are cash flow hedges, the hedge derivative instrument is valued at market and the valuation for the effective portion of the hedge is recorded within other comprehensive income account in stockholders' equity. Any ineffective portion is recorded in results.

Trading transactions

- Forward and futures contracts:

  The balance represents the difference between the fair value of the contract and the contracted forward price. Asset and liability positions are offset individually; if a debit balance results, it is presented in assets under the heading of "Transactions with securities and derivatives", while any credit balance is presented in liabilities under the same heading.

- Options:

  The balance represents the fair value and presented as an asset or liability under "Transactions with securities and derivatives". Options are stated at fair value, reflecting the difference between the price at fair value and historical amount of the premium in the income statement.

- Swaps:

  The balance represents the difference between the fair value of the swap asset and liability. The balance is presented as an asset or liability under "Transactions with securities and derivatives".

Securities loans- Securities loans are transactions in which the transfer of securities is agreed from the lender to the borrower, with the obligation to return to such securities or other substantially similar ones on a given date or as requested, in exchange for a premium as consideration. In this transaction a collateral or guarantee is requested by the lender from the borrower, which is different from cash and those permitted under current regulations.

At the contracting date of the securities loan, when the Financial Group acts as lender, it records the security subject matter of the loan transferred to the borrower as restricted, for which purpose the standards for valuation, presentation and disclosure, based on the respective accounting treatment, are followed.

The premium is recorded initially as a deferred credit, and the debit settlement account or the entry of the cash is recorded. The amount of the premium earned is recognized in results of the year through the effective interest method during the term of the transaction.

When it acts as the borrower, at the contracting date of the securities loan, the Financial Group records the security subject matter of the loan received in memorandum accounts, following the valuation guidelines for the securities recognized, in the account "Assets in custody or under administration".

The premium is recorded initially as a deferred charge, and the credit settlement account or the cash disbursement is recorded. The amount of the premium earned is recognized in results of the year through the effective interest method over the effective term of the transaction.

The security subject matter of the transaction and the collateral granted are presented as restricted depending on the type of financial assets in question.

The security subject matter of the transaction received and the collateral received are presented in memorandum accounts under the heading of collateral received by the Financial Group.

Loan portfolio - The balances in the loan portfolio represent the amounts disbursed to borrowers, less repayments made to date, plus accrued but unpaid interest. The allowance for loan losses is presented as a deduction from the total loan balance.

The outstanding balance of past-due loans is recorded as non-performing as follows:

- Loans with a single payment of principal and interest at maturity are considered past due 30 calendar days after the date of maturity.
- Loans with a single payment of principal at maturity and with scheduled interest payments are considered past due 30 calendar days after principal becomes past due and 90 calendar days after interest becomes past due.
- The loans whose payment of principal and interest had been agreed to in scheduled payments are considered past due 90 days after the first installment is past due.
- In the case of revolving credit granted, loans are considered past due when payment has not been received for two normal billing periods.
- Customer bank accounts showing overdrafts are reported as non-performing loans at the time the overdraft occurs.

Interest is recognized in income when it is accrued. However, the accrual of interest is suspended when loans become non-performing.

Interest accrued during the period in which the loan was considered non-performing is not recognized as income until collected.

Commissions collected for the initial granting of credits are recognized as a deferred credit under the heading of "Deferred credits and advanced collections", which is amortized as interest income using the straight-line method over the term of the credit. Any other type of commission is recognized on the date that it is generated, under the heading of commissions and fees collected.

Restructured non-performing loans are not considered as performing until the collection of three consecutive monthly payments without delay, or the collection of one installment when the amortization covers periods in excess of 60 days.

Renewed loans for which the debtor does not pay accrued interest on time, or does not pay at least 25% of the original loan amount, are considered non-performing until proof of timely payment.

Allowance for loan losses -

- *Commercial loan portfolio:*

  In accordance with the regulations regarding the methodology for classification of the loan portfolio, credit institutions will individually classify the commercial loan portfolio for the credits or group of credits owed by the same debtor, whose balance equals or exceeds an amount equivalent to 4,000,000 UDIs at the classification date for 2008 and 2007. The remainder is classified parametrically based on the number of months elapsed as of the first default. The portfolio owed by the Federal Government or with an express federal guarantee is exempted.

  For loans granted to states, municipalities and decentralized organizations, BBVA Bancomer applies the regulatory methodologies established in the regulations, which require application of the base classifications assigned by the rating agencies (Fitch, MOODY's and S&P) authorized by the Commission (this classification must not be more than 24 months old) to evaluate the loan risk. Municipalities with a personal express guarantee from the government of their states may be classified with the degree of risk applicable to the state providing such guarantee. Finally, it is established that security interest on property must be evaluated with the same regulatory mechanism applied to any secured loans, and that when there is no federal participation, the risk classification must be increased by two levels.

  In 2001 BBVA Bancomer certified the internal classification scheme for debtor risk, Bancomer Risk Classification ("CRB"), before the Commission to comply with the requirements for classification of risk and the creation of allowances for loan losses.

  On December 16, 2008, the Commission renewed the authorization of such internal methodology for a period of two years beginning December 1, 2008.

  CRB is used to determine a client's creditworthiness through the weighted result of the grades based on five risk criteria, which include: performance, historical payment capacity, indebtedness capacity, projected payment capacity and macroeconomic conditions. These criteria represent the valuation of the client's profile, the financial position of the company and the economic status of the industry, which are measured through the grading of various quantitative and qualitative credit risk factors, weighted through the application of a single algorithm and fixed weighting parameters. The design of this algorithm and its associated weighting factors are the result of statistical and econometric analyses applied to historical data for several years.

  The internal classification system presents different levels of risk, which identify credits on a level of acceptable risk, credits under observation and credits of unacceptable risk or in default. The risks included in the CRB model are summarized in the following list:

Level

1. Exceptional
2. High
3. Good
4. Adequate
5. Potential weakness
6. Actual weakness
7. Critical weakness
8. Loss

The comparability of the CRB with Regulatory Risk Classification is based upon an analysis of equivalency of default probabilities between the CRB and the Debtor's Risk Classification according to the Commission, and is as follows:

CRB	Commission's Classification Equivalent	Payment Experience
1	A1	
2	A1	
3	A2	
4	B1	Non-payment for less than 30 days
4	B2	Non-payment for 30 days or more
5	B3	Non-payment for less than 30 days
5	C1	Non-payment for 30 days or more
6	C1	Non-payment for less than 30 days
6	C2	Non-payment for 30 days or more
7	D	
8	E	

Once the borrower's rating is determined according to this procedure, each loan is initially classified based on the borrower's rating. Based on the value of the respective collateral, BBVA Bancomer determines the portion of the loan balance covered by the discounted value of collateral and the portion of the exposed balance. The rating assigned to the covered portion can be modified based on collateral quality. Also, the exposed portion will maintain the initial loan rating provided that it is between A1 and C1 or it must be set at risk level E, if the initial loan rating is C2, D or E. Furthermore, the regulations establish various criteria to determine the value of collateral based on the case in which it can be converted to cash.

The allowances for the losses from the commercial loan portfolio created by the Financial Group as a result of the individual classification of each loan will be classified in accordance with the following percentages:

Probability of Default			Risk Level
0.00%	to	0.50%	A1
0.51%	to	0.99%	A2
1.00%	to	4.99%	B1
5.00%	to	9.99%	B2
10.00%	to	19.99%	B3
20.00%	to	39.99%	C1
40.00%	to	59.99%	C2
60.00%	to	89.99%	D
90.00%	to	100.00%	E

The Financial Group records the respective allowance for loan losses on a monthly basis, applying the results of the classification performed quarterly, to the balance of the loans as of the last day of each month.

– *Mortgage portfolio:*
The allowance for loan losses on the mortgage portfolio is determined by applying specific percentages to the unpaid balance of the debtor, net of supports (the amount of final aid support or ADE owed by the BBVA Bancomer was 100% provisioned as a result of the initial application of the Regulations), stratifying the total amount of the portfolio based on the number of monthly installments that report default of payments that are due and payable at the classification date (expected loss model).

For each stratum, the allowances for loan losses will be determined by applying specific percentages based on the following items:

– Probability of default: the allowance percentages for this item range from between 1% to 90% up to four months in default, depending on the type of mortgage portfolio, and from between 95% to 100 % for five months or more in default.

– Severity of loss: the allowance percentages for this item are 35% for credits up to six months in default, 70% for between seven and 47 months in default and 100% for 48 months or more in default.

The allowances for loan losses on the mortgage portfolios established by the Financial Group as the result of classifying the loans will be based on the following percentages:

Risk Level	Percentage of Allowance for Loan Losses
A	0 to 0.99%
B	1 to 19.99%
C	20 to 59.99%
D	60 to 89.99%
E	90 to 100.00%

– *Consumer portfolio:*
On August 22, 2008, the Commission issued a resolution modifying the General Provisions, which includes in the general methodology applicable to the classification of the consumer portfolio, a percentages table of allowances for loan losses with monthly billing applicable to the revolving consumer portfolio of credit institutions, for the purpose of enabling such percentages to properly reflect the behavior of the aforementioned portfolio and its level of risk. This table must be applied at the latest at the close of the month of October 2008, as indicated below:

Debts	Classification	% Reserve in effect up to September 30, 2008	% Reserve in effect as of October 1, 2008
0	A	0.5%	2.5%
1	B	10%	19%
2	C	45%	48%
3	D	65%	58%
4	D	75%	62%
5	D	80%	85%
6	D	85%	95%
7	E	90%	100%
8	E	95%	100%
9	E	100%	100%

In relation to the non-revolving consumer credit portfolio, with figures as of the last day of each month, the applicable procedure at such date is as follows:

I. The total amount of the portfolio will be stratified based on the number of billing periods that as of the classification date report noncompliance with their due payment date established by the Financial Group, using the data on the history of payments of each credit in the Financial Group, of at least 9, 13 or 18 periods prior to such date, as indicated in the table below. When the credit was granted within the aforementioned term, the data available at that date are used.

II. Creates for each stratum the allowances for loan losses resulting from applying the allowance for loan loss percentages indicated below, to the total amount of the unpaid balance of the credits located in each stratum, depending on whether the billing periods in default are weekly, semimonthly, or monthly. The Financial Group does not include the uncollected interest earned recorded in the balance sheet of payments which are in past-due portfolio. The uncollected interest earned on past-due portfolio is fully reserved at the time of its transfer.

Table applicable for credits with weekly, semimonthly and monthly billing:

Billings periods	Weekly Reserve Percentages	Semimonthly Reserve Percentages	Monthly Reserve Percentages
0	0.50%	0.50%	0.50%
1	1.50%	3%	10%
2	3%	10%	45%
3	5%	25%	65%
4	10%	45%	75%
5	20%	55%	80%
6	30%	65%	85%
7	40%	70%	90%
8	50%	75%	95%
9	55%	80%	100%
10	60%	85%	100%
11	65%	90%	100%
12	70%	95%	100%
13	75%	100%	100%
14	80%	100%	100%
15	85%	100%	100%
16	90%	100%	100%
17	95%	100%	100%
18 or more	100%	100%	100%

The following table is used to locate the degree of risk of non-revolving and revolving consumer portfolio, based on the percentage in the above table, for the applicable percentage ranges of the allowances:

Level of risk	Percentage ranges of non-revolving allowances for loan losses	Percentage ranges of revolving allowances for loan losses
A	0 to 0.99%	0 to 0.99%
B	1 to 19.99%	–
B-1	–	1 to 2.50%
B-2	–	2.51 to 19.99%
C	20 to 59.99%	20 to 59.99%
D	60 to 89.99%	60 to 89.99%
E	90 to 100.00%	90 to 100.00%

As a result of the application of the methodology changes described above, BBVA Bancomer recognized an additional provision of $1,333 against results of the year.

As of December 31, 2008 and 2007, the classification and creation of the allowance for loan losses of the consumer credit portfolio is performed with figures as of the last day of each month and is presented to the Commission at the latest as of the 30 days following the month classified, in accordance with the reserve percentages applicable to each type of portfolio, as indicated above.

Additionally, a reserve is recognized for the total amount of the uncollected interest earned applicable to credits that are considered as past-due portfolio.

– *Additional reserves*
  The additional reserves reflect internal classification models for mortgage loans, net of support, and consumption (credit card and personal consumption), which consists of applying specific percentages (expected loss) to the unpaid balance of the debtor.

Securitization with transfer of ownership - By securitizing the mortgage portfolio with transfer of ownership, BBVA Bancomer (the "Transferor") transfers the financial assets through a securitization vehicle (the "Trust"), to enable the latter to issue securities through an intermediary (the "Casa de Bolsa"), for placement among small investors, which represent the right to the returns or the proceeds generated from the securitized financial asset, and as consideration the Transferor receives cash and a certification granting it the right to the remaining flows from the Trust after payment of the certificates to their holders. This certification is recorded at fair value within the category of "Securities available for sale".

The Transferor provides administrative services for the transfer of the financial assets and recognizes in results of the year the revenues derived from such services at the time they are earned. Such revenues are presented under the heading of "Commissions and fees collected". Any expenses incurred from managing the Trust will be reimbursed by the Trust itself with the prior authorization of the Common Representative, provided that the Trust has sufficient cash flows to make such reimbursement. The Transferor will hold any payments made on account of the Trust in debtor accounts until the latter reimburses such expenses.

On December 17, 2007, the Commission authorized BBVA Bancomer, through official letter number 153/1850110/2007, of the registration in the National Securities Register of the Share Certificate Issuance Program up to the amount of $20,000 or its equivalent in Investment Units (UDI) for a term of five years computed as of the authorization date; such program is revolving.

Other receivables - Balances of sundry debtors that are not settled within the 60 or 90 days following their initial recognition (the number of days depend on whether balances are identified or not) are reserved with a charge to results of the year, regardless of the possibilities of recovery.

The debit and credit balances of the transaction settling accounts represent currency and security purchases and sales recorded on the date of transaction, with a 48-hour term for settlement.

Repossessed assets or assets received as payment in kind - Repossessed assets or assets received as payment in kind are recorded at the lower of net realizable value or cost. The cost is understood as the value set for purposes of asset foreclosure as a result of lawsuits claiming rights in favor of the Financial Group, when the price agreed between the parties involves payments in kind.

On the recording date of the repossessed asset or asset received through payment in kind, the value of the asset which originated the foreclosure, as well as its respective reserve, must be canceled from the balance sheet.

If the value of the asset which originated the foreclosure, net of reserves, exceeds the value of the repossessed asset, the difference will be recognized in results of the year under the heading other expenses.

When the value of the asset that originated the foreclosure, net of reserves, is less than the value of the repossessed asset, the value of the latter must be adjusted to the net value of the asset.

Repossessed assets are valued according to the type of asset in question, and such valuation must be recorded against results of the year as other proceeds or other expenses, as the case may be.

In accordance with the Regulations, the mechanism to follow in determining the allowance for holding repossessed assets or assets received as payment in kind is as follows:

Allowance for personal property

Time elapsed as of the repossession or payment in kind (months)	Allowance percentage
Up to 6	0%
More than 6 and up to 12	10%
More than 12 and up to 18	20%
More than 18 and up to 24	45%
More than 24 and up to 30	60%
More than 30	100%

Allowance for real estate property

Time elapsed as of the repossession or payment in kind (months)	Allowance percentage
Up to 12	0%
More than 12 and up to 24	10%
More than 24 and up to 30	15%
More than 30 and up to 36	25%
More than 36 and up to 42	30%
More than 42 and up to 48	35%
More than 48 and up to 54	40%
More than 54 and up to 60	50%
More than 60	100%

Property, furniture and equipment - This item is recorded at acquisition cost. The assets that come from acquisitions up to December 31, 2007 were restated by applying factors derived from the UDIs up to that date. The related depreciation and amortization is recorded by applying a given percentage based on the estimated useful life of such assets to the cost restated to that date.

Depreciation is determined based on the cost (or the cost restated until 2007) using the straight-line method as of the month following the acquisition date. The annual depreciation rates are as follows:

	Rate
Real estate	2.5%
Computer equipment	25%
ATM	30%
Furniture and equipment	10%
Vehicles	25%
Machinery and equipment	10%

Impairment of long-lived assets in use - The Financial Group reviews and, as necessary, adjusts the book value of long-lived assets in use in the presence of any indicator of the existence of impairment whereby such value might not be recoverable in the event of its eventual disposal.

Equity investments - This item represents investments in unconsolidated subsidiaries and affiliates. Investments in unconsolidated subsidiaries and affiliates are valued using the equity method based on the book value of their latest available financial statements.

Income taxes and employee profit sharing - The provisions for ISR, the new Business Flat Tax (IETU), and PTU are recorded in results of the year in which they are incurred. To recognize deferred income taxes, based on its financial projections, the Financial Group must determine whether it will incur ISR or IETU and recognize deferred taxes for the tax that it will essentially pay. Deferred taxes are recognized by applying the respective rate to the temporary differences resulting from comparing the book and tax values of assets and liabilities, including the benefit of tax loss carryforwards.

The effect of all the items above is presented net in the balance sheet within the caption “Deferred taxes”.

Recoverable asset tax paid is recorded as an advance payment of income taxes and is presented in the balance sheet within the caption “Deferred charges, prepaid expenses and intangibles”.

Goodwill - The goodwill generated by the excess of cost over fair value of subsidiaries on the acquisition date was recognized in accordance with the provision of Bulletin C-15, *Impairment in the Value of Long-Lived Assets and Their Disposal*, and is subject to annual impairment tests.

Labor liabilities - Under Mexican Labor Law, the Financial Group is liable for the payment of severance indemnities and seniority premiums to employees terminated under certain circumstances.

The Financial Group records the liability for severance payments, seniority, pensions, comprehensive medical services and life insurance as it is accrued, in accordance with actuarial calculations based on the projected unit credit method, using nominal rates in 2008 and real rates in 2007. The Financial Group recognizes the actuarial gains and losses against the result of the year, in accordance with that established in NIF D-3 "Employee benefits".

Therefore, the liability is being recognized which, at present value, will cover the benefits obligation projected to the estimated date of retirement of the employees working at the Financial Group, as well as the obligation derived from the retired personnel.

Sundry provisions - These are recognized for current obligation derived from a past event, that are probable to result in the future use economic resources, and that can be reasonably estimated.

Foreign currency transactions - Foreign currency transactions are recorded at the exchange rate effective at the transaction date. Assets and liabilities denominated in foreign currency are adjusted at the period end exchange rate published by Banco de México. Exchange fluctuations related to these assets and liabilities are charged to the income statement.

Memorandum accounts-

- *Contingent assets and liabilities:*

  Represents the amount of the economic penalties levied by the Commission and any other administrative or legal authority, until due compliance with the obligation to pay such penalties, for having filed a motion for reconsideration.

- *Credit commitments:*
  The balance represents the amount of letters of credit granted by the Financial Group which are considered as irrevocable commercial credits not utilized by the borrowers.

  The items recorded in this account are subject to classification.

- *Assets in trust or under mandate:*
  The first records the value of the goods received in trust, and the data related to the administration of each one are kept in separate records. The second records the declared value of the goods subject matter of the loan contracts executed by the Financial Group.

- *Assets in custody or under administration:*
  This account is used to record the goods and securities which are received from third parties for custody or to be administered by the Financial Group.

- *Collateral received by the Financial Group:*
  This balance represents the total amount of collateral received in repurchase operations, with the Financial Group acting as the purchasing party.

- *Assets in custody, guarantee and under administration:*
  Customer cash and securities in custody, guarantee or under administration at Casa de Bolsa BBVA Bancomer, S.A. de C.V. (the Brokerage House) are shown under the respective memoranda accounts and were valued based on the price provided by the price supplier.

  a. Cash is deposited in credit institutions in checking accounts differing from those of the Brokerage House.

  b. Securities in custody and under administration are deposited in S. D. Indeval, Institución para el Depósito de Valores, S.A. de C.V.

5. Principal differences compared to MFRS

The consolidated financial statements have been prepared in accordance with the accounting rules established by the Commission which, in the following instances, differ from MFRS commonly applied in the preparation of financial statements for other types of unregulated entities:

- The new accounting criteria C-1, C-2 and C-5 are applied on a prospective basis, and the effects for the transactions performed prior to the application date, and which remain in effect, are not modified.
- Sundry debtor accounts that are not collected within 90 or 60 days, depending on their nature, are reserved with a charge to results, regardless of their possible recovery.
- The adjustments derived from the correction of a misstatement described in Note 12, which for practical reasons were not retrospectively applied, are not presented by adjusting the financial statements as of the earliest period filed (2007) as required by NIF B-1, "Accounting changes and corrections of misstatements", but rather as an adjustment to 2008 opening balances.
- When credits are maintained in past-due portfolio, the control of the interest earned is recorded in memorandum accounts. When such interest is collected, it is recognized directly in the results of the year. MFRS require the recording of the interest earned in results and recognition of the respective allowance.

- The costs associated with the granting of the credit (except for mortgage loans) are recognized in results as they are incurred. MFRS require that the costs be matched with the revenue that they generate in the same period.
- Contribution or margin accounts managed (delivered or received) when trading derivative financial instruments that are quoted in standardized (stock exchanges) and over-the-counter markets are recorded under “Available Funds” and “Sundry creditors and other accounts payable”, respectively, instead of under “Transactions with derivative financial instruments” as required by MFRS.
- Any gain or loss resulting from valuing the hedge instrument at fair value is recognized in the balance sheet and income statement in the headings of “Transactions with derivative financial instruments” and “Trading income (loss), net”, respectively, and the valuation of the primary position is recognized in results under the heading of “ Trading income (loss), net”, which is different from Bulletin C-10 of MFRS, which requires that the valuation of the primary position and that of the hedge be presented in the same heading based on the nature of the primary position.
- Incurred and deferred PTU is presented in the accompanying statement of income together with income tax. MFRS require presentation of the assets and liabilities from deferred PTU in the balance sheet and in the statement of income under other revenues and expenses.
- The consolidated financial statements do not include the insurance and pension subsidiaries. MFRS require that all controlled subsidiaries be consolidated, regardless of the sector to which they belong.
- The Commission requires that the changes in the financial situation be submitted as part of the basic financial statements. Beginning in 2008, MFRS require presentation of a cash flow statement.

6. Cash and due from banks

At December 31, 2008 and 2007, cash and due from banks consisted of the following:

	2008	2007
Cash	$ 38,240	$ 22,151
Banks	49,435	13,376
Restricted funds	84,777	84,610
Other quick funds	110	131
	$ 172,562	**$ 120,268**

Banks include deposits in domestic and foreign banks in Mexican pesos and U.S. dollars, translated at the exchange rate published by Banco de México of $13.8325 and $10.9157 per U.S. dollar as of December 31, 2008 and 2007, respectively, and are as follows:

	Mexican pesos		U.S. dollars (in Mexican pesos)		Total	
	2008	2007	2008	2007	2008	2007
Deposits with foreign credit institutions	$ –	$ –	$ 63,177	$ 13,198	$ 63,177	$ 13,198
Delivery currency	–	–	(14,710)	(2,861)	(14,710)	(2,861)
Banco de México	41	1,477	71	8	112	1,485
Domestic banks	856	461	–	1,093	856	1,554
	$ 897	**$ 1,938**	**$ 48,538**	**$ 11,438**	**$ 49,435**	**$ 13,376**

Circular Telefax 30/2002 of Banco de México included instructions for the creation of a new monetary regulation deposit for all credit institutions of $280,000 whose duration is indefinite with interest payable every 28 days, which began to accrue as of September 26, 2002, the date of the first deposit. Such Circular was repealed as of August 21, 2008 and Circular Telefax 30/2008 went into effect, retaining the same conditions as the previous one. As of December 31, 2008 and 2007, the monetary regulation deposits and interest of BBVA Bancomer are $65,225 and $65,222, respectively, and are included in the balance of “Restricted funds”.

As of December 31, 2008 and 2007, restricted funds are composed as follows:

	2008	2007
Monetary regulation deposits	$ 65,225	$ 65,222
Spot foreign currency purchases	7,725	5,579
Collateral granted for OTC derivatives	7,548	2,763
Derivatives margin in authorized markets	2,734	920
Other restricted deposits	781	776
Call money interbank loans	752	8,660
Margin of ADR’s	12	690
	$ 84,777	**$ 84,610**

7. Securities

At December 31, 2008 and 2007, financial instruments were as follows:

a. *Trading-*

Instrument	2008 Acquisition Cost	2008 Accrued Interest	2008 Increase (Decrease) due to Valuation	2008 Book Value	2007 Book Value
Bpas	$ 3,059	$ –	$ –	$ 3,059	$ –
Equity securities	2,637	–	(770)	1,867	821
Bank bonds	1,436	–	(16)	1,420	190
Bondes	1,259	–	(1)	1,258	731
Stock market certificates	872	8	1	881	–
Sovereign debt eurobonds	558	11	–	569	280
Investment funds	416	–	–	416	395
Note with interest payable at maturity	325	–	–	325	23
Certificates of deposit	300	–	(7)	293	–
Commercial paper	78	–	–	78	–
Corporate eurobonds	39	2	(2)	39	111
Interchangeable stock market certificates	4	–	–	4	43
Udibonos	(45)	–	–	(45)	1,794
Cetes	(381)	–	–	(381)	571
Total	**$ 10,557**	**$ 21**	**$ (795)**	**$ 9,783**	**$ 4,959**

During 2008 and 2007, the net decrease in fair value recognized in the income statement was $645 and $57, respectively.

At December 31, 2008, the remaining periods of these investments are as follows:

Instrument	Within 1 Month	Between 1 and 3 Months	Over 3 Months	No Fixed Term	Acquisition Cost
Bpas	$ 3,059	$ –	$ –	$ –	$ 3,059
Equity securities	–	–	–	2,637	2,637
Bank bonds	783	–	653	–	1,436
Bondes	1,259	–	–	–	1,259
Stock market certificates	50	149	673	–	872
Sovereign debt eurobonds	–	4	554	–	558
Investment funds	416	–	–	–	416
Note with interest payable at maturity	325	–	–	–	325
Certificates of deposit	–	–	300	–	300
Commercial paper	78	–	–	–	78
Corporate eurobonds	–	–	39	–	39
Interchangeable stock market certificates	–	–	4	–	4
Udibonos	(45)	–	–	–	(45)
Cetes	(381)	–	–	–	(381)
Total	**$ 5,544**	**$ 153**	**$ 2,223**	**$ 2,637**	**$ 10,557**

Collateral granted as of December 31, 2008 and 2007 is as follows:

	2008				2007
	Acquisition Cost	Accrued Interest	Increase due to Valuation	Book Value	Book Value
T BILLS	$ 8,161	$ 36	$ 152	$ 8,349	$ 6,550
Bondes	120	–	–	120	10,338
Udibonos	60	–	–	60	196
Fixed-rate bonds	480	(15)	37	502	59
Cetes	7	–	–	7	607
Equity securities	1	–	–	1	41
Bonds guarantee to be received for security loans	8,829	21	189	9,039	17,791
Bondes	89,338	(22)	598	89,914	109,499
Bpas	77,478	(4)	121	77,595	120,157
Fixed-rate bonds	19,180	–	7	19,187	9,535
Cetes	8,100	–	–	8,100	46,360
Udibonos	1,057	–	–	1,057	11,646
Stock market certificates	461	1	–	462	1,858
Commercial paper	50	–	–	50	315
Bank bonds	–	–	–	–	123
Brems	–	–	–	–	13
Bonds guarantee to be received for repurchase agreements	195,664	(25)	726	196,365	299,506
Total	**$ 204,493**	**$ (4)**	**$ 915**	**$ 205,404**	**$ 317,297**

b. *Available for sale-*

	2008				2007
Instrument	Acquisition Cost	Accrued Interest	Increase (Decrease) due to Valuation	Book Value	Book Value
Visa Shares	$ –	$ –	$ 2,085	$ 2,085	$ –
Sovereign debt eurobonds	1,371	36	26	1,433	6,333
Certification for Trust Invex securitization	1,316	–	–	1,316	103
Cetes	1,300	–	–	1,300	–
Equity securities	377	–	(106)	271	–
Bank bonds	207	6	–	213	–
Securitization certificates	151	1	–	152	–
Debentures	124	1	–	125	118
Fixed-rate bonds	–	–	–	–	2,048
Total	**$ 4,846**	**$ 44**	**$ 2,005**	**$ 6,895**	**$ 8,602**

At December 31, 2008, the remaining schedule maturities of the above instruments were as follows:

Instrument	Within 1 Month	Over 3 Months	No fixed Term	Acquisition Cost
Sovereign debt eurobonds	$ –	$ 1,371	$ –	$ 1,371
Certification for Trust Invex securitization	–	–	1,316	1,316
Cetes	–	1,300	–	1,300
Equity securities	–	–	377	377
Bank bonds	–	207	–	207
Securitization certificates	30	121	–	151
Debentures	124	–	–	124
Total	**$ 154**	**$ 2,999**	**$ 1,693**	**$ 4,846**

Collateral granted as of December 31, 2008 and 2007 is as follows:

Instrument	2008 Acquisition Cost	2008 Accrued Interest	2008 Increase (Decrease) due to Valuation	2008 Book Value	2007 Book Value
Fixed-rate bonds	$ 59,807	$ (1,028)	$ 2,249	$ 61,028	$ 43,111
Stock market certificates	6,819	1	(1)	6,819	1,339
Cetes	2,906	15	35	2,956	985
Cedes	1,997	–	–	1,997	–
Total guarantees to be received for repurchase agreements	**$ 71,529**	**$ (1,012)**	**$ 2,283**	**$ 72,800**	**$ 45,435**

Assignment of Visa shares to BBVA Bancomer

On March 28, 2008, Visa Inc. (VISA) issued 406 million class A shares, through an initial public offering (IPO), converting the regional shares into a multiclass share structure, in order to reflect the different rights and obligations of the shareholders (Class A, B, and C).

Given the above, BBVA Bancomer received series C class I shares on the date of the initial placement performed on March 18, 2008. As established in the placement prospectus, VISA purchased part of the series C class I shares from the Financial Group, representing 56% of the shares received at a per-share price of US$44, less a 2.8% commission, and revenue of $1,685 was recognized in result in the heading of "Trading income (loss), net". The initial valuation effect was recognized against results for the remaining 44% of the shares, which required recognition of additional revenue of $1,358 in the same heading.

c. *Held to maturity-*

The following securities have medium and long-term maturities:

Instrument	2008 Acquisition Cost	2008 Accrued Interest	2008 Book Value	2007 Book Value
Government bonds- Mortgage debtor support program	$ 11,370	$ (6)	$ 11,364	$ 10,604
Government bonds- State and Municipality debtor support program	1,336	–	1,336	1,239
U.S. Treasury securities	157	3	160	120
Sovereign debt eurobonds	57	1	58	110
Fiduciary certification	7	–	7	7
Total	**$ 12,927**	**$ (2)**	**$ 12,925**	**$ 12,080**

For the years ended December 31, 2008 and 2007, the yields related to the overall held to maturity portfolio amounted to $1,042 and $1,501, respectively.

8. Repurchase transactions

As of December 31, 2008 and 2007, repurchase transactions are composed as follows:

a. *Debit balances in repurchase transactions-*
As repurchasing party:

Instrument	2008 Liability Side: Collateral Sold or Delivered in Guarantee	2008 Asset Side: Receivable Under Repurchase Agreements	2008 Debit Balance	2007 Liability Side: Collateral Sold or Delivered in Guarantee	2007 Asset Side: Receivable Under Repurchase Agreements	2007 Credit Balance
Government securities-						
Bpas	$ 9,216	$ 9,232	$ 16	$ 7,026	$ 7,021	$ 5
Bondes	7,474	7,501	27	2,803	2,803	–
Fixed-rate bonds	1,430	1,430	–	1,003	1,003	–
Cetes	612	612	–	313	313	–
Total	**$ 18,732**	**$ 18,775**	**$ 43**	**$ 11,145**	**$ 11,140**	**$ 5**

b. *Credit balances in repurchase transactions - As reselling party:*

	2008			2007		
	Asset Side	Liability Side		Asset Side	Liability Side	
Instrument	Value of Securities Receivable	Creditors on Repurchase Agreements	Credit Difference	Value of Securities Receivable	Creditors on Repurchase Agreements	Credit Difference
Government securities-						
Bpas	$ (3,059)	$ 74,473	$ 77,532	$ –	$ 114,962	$ 114,962
Bondes	37	81,245	81,208	–	105,047	105,047
Fixed-rate bonds	–	79,134	79,134	–	52,840	52,840
Cetes	–	11,002	11,002	–	47,323	47,323
Udibonos	–	1,057	1,057	–	11,650	11,650
Securitization certificates	–	7,280	7,280	–	3,319	3,319
Guaranteed commercial paper	–	50	50	–	315	315
Banco de México monetary regulations	–	–	–	–	13	13
Cedes	–	1,997	1,997	–	–	–
Total	**$ (3,022)**	**$ 256,238**	**$ 259,260**	**$ –**	**$ 335,469**	**$ 335,469**

9. Transactions with securities and derivatives

At December 31, 2008 and 2007, securities and derivative transactions were as follows:

a. *Debit and credit balances under repurchase transactions-* The chart below shows the open derivative instrument transactions of the Financial Group as of December 31, 2008 and 2007. The currency positions generated by these derivative instruments must be added to the position on the balance sheet in order to obtain the year-end position amount analyzed in Note 27.

Trading:

	2008			
	Nominal Amount		Balance	
Transaction	Asset	Liability	Debtor	Creditor
Futures long position	$ 159,718	$ 159,718	$ –	$ –
Futures short position	181,130	181,130	–	–
Forward long position	132,366	102,662	16,732	5,608
Forward short position	128,635	166,096	637	19,518
Options purchased	17,034	–	17,034	–
Options sold	–	17,509	–	17,509
Swaps	788,981	792,136	97,562	100,717
	$ 1,407,864	**$ 1,419,251**	**$ 131,965**	**$ 143,352**

	2007			
	Nominal Amount		Balance	
Transaction	Asset	Liability	Debtor	Creditor
Futures long position	$ 268,481	$ 268,481	$ –	$ –
Futures short position	271,130	271,130	–	–
Forward long position	206,417	203,888	872	1,732
Forward short position	235,172	237,146	2,115	700
Options purchased	1,024	–	1,024	–
Options sold	–	1,162	–	1,162
Swaps	647,188	651,100	52,592	56,504
	$ 1,629,412	**$ 1,632,907**	**$ 56,603**	**$ 60,098**

Hedging:

Transaction	2008 Nominal Amount Asset		Nominal Amount Liability		Balance, net Debtor		Balance, net Creditor
Short position forward contracts	$	948	$	948	$	–	$ –
Swaps		35,949		32,679		7,127	3,857
	$	**36,897**	**$**	**33,627**	**$**	**7,127**	**$ 3,857**

Transaction	2007 Nominal Amount Asset		Nominal Amount Liability		Balance, net Debtor		Balance, net Creditor
Swaps	**$**	**42,290**	**$**	**41,445**	**$**	**4,220**	**$ 3,375**

a1. *Futures and forward contracts* - For the year ended December 31, 2007, the Financial Group carried out transactions on the Mexican Derivatives Market (Mex-Der), generating a US dollar futures loss of $3,199, in IPC futures of $207, in CETES and TIIE futures of $366, in fixed rate bond futures of $690 and in options of $4.
At December 31, 2008, futures and forwards transactions were as follows:

Trading:

Type of transaction	Underlying	Receivable	Sales Contract Value	Purchases Contract Value	Deliverable	Book Balance
Futures	TIIE	$ 161,152	$ 161,152	$ 118,542	$ 118,542	$ –
	Euro Dollar	9,150	9,150	21,598	21,598	–
	M10 bond	8,562	8,562	–	–	–
	Index	1,419	1,419	–	–	–
	U.S. dollars	847	847	17,577	17,577	–
	CETES	–	–	2,001	2,001	–
		$ 181,130	**$ 181,130**	**$ 159,718**	**$ 159,718**	**$ –**
Forwards	U.S. dollars	$ 120,921	$ 158,563	$ 120,273	$ 85,394	$ (2,763)
	Bonds	4,544	4,838	–	–	(294)
	Index	2,360	1,887	1,887	2,702	(342)
	Equity securities	810	808	10,206	14,566	(4,358)
		$ 128,635	**$ 166,096**	**$ 132,366**	**$ 102,662**	**$ (7,757)**

Hedging:

Transaction Type	Underlying	Sales Receivable	Sales Contract Value	Purchases Contract Value	Purchases Deliverable
Forwards	US dollar	$ 948	$ –	$ –	$ 948

a2. *Options* - At December 31, 2008, the Financial Group executed option transactions as follow:
Trading:

Type of Transaction		Underlying	Reference Amount	Premium Paid	Fair Value
Purchase	OTC Options	Interest rates	$ 154,302	$ 1,095	$ 752
		Equity securities	35,065	51	13,445
		U.S. dollars	28,143	880	2,798
		Index	97	14	39
	Authorized market options	Equity securities and index	6	–	–
				$ 2,040	**$ 17,034**

Type of Transaction		Underlying	Reference Amount	Premium Collected/Paid	Fair Value
Sales	OTC Options	Interest rates	$ 252,800	$ 2,493	$ 1,404
		Equity securities	35,008	41	13,428
		U.S. dollars	31,888	856	2,649
		Index	44	33	27
	Authorized market options	Equity securities and index	4	1	1
				$ 3,424	**$ 17,509**

a3. *Swaps* - At December 31, 2008, swap transactions were as follows:

Trading:

Underlying	Denomination	Contract Value Receivable	Contract Value Deliverable	Receivable	Deliverable	Net Position
Currency	U.S. dollars	$ 160,116	$ 180,359	$ 162,849	$ 188,180	$ (25,331)
	Mexican pesos	131,780	111,615	128,232	107,873	20,359
	UDI	49,749	55,024	49,721	55,037	(5,316)
	Euro	12,233	11,121	13,277	13,324	(47)
	Yen	11,121	12,284	11,542	11,455	87
	Colombian peso	5,737	4,651	5,394	5,434	(40)
	Peruvian nuevo sol	840	1,345	857	1,407	(550)
				$ 371,872	$ 382,710	$ (10,838)

Underlying	Denomination	Contract Value	Receivable	Deliverable	Net Position
Interest rates	Mexican pesos	$ 1,527,438	$ 330,353	$ 330,637	$ (284)
	U.S. dollars	486,843	40,825	39,665	1,160
	Yen	20,427	256	256	–
	Euro	15,871	1,172	1,272	(100)
			372,606	371,830	776
Equity securities	Mexican pesos	$ 59,794	44,503	37,596	6,907
			$ 788,981	$ 792,136	$ (3,155)

The Financial Group entered into nominal interest rate swaps in Mexican pesos with various institutions, agreed to at annual rates ranging from 7.37% to 20.26%. At December 31, 2008, the reference amount of trading swaps was $1,527,438.

Hedging:

Underlying	Currency	Contract Value Receivable	Contract Value Deliverable	Receivable	Deliverable	Net Position
Currency	Euro	$ 11,736	$ –	$ 12,729	$ –	$ 12,729
	Mexican pesos	8,743	–	–	8,853	(8,853)
				12,729	8,853	3,876
Interest rates	Mexican pesos		$ 78,654	$ 22,402	$ 22,190	$ 212
	U.S. dollars		4,358	818	1,636	(818)
				23,220	23,826	(606)
				$ 35,949	$ 32,679	$ 3,270

The Financial Group entered into nominal interest rate swaps in Mexican pesos with various institutions, agreed to at annual rates ranging from 7.51% to 11.90%. At December 31, 2007, the reference amount of hedging swaps was $78,654.

The collateral received in OTC derivatives as of December 31, 2008 and 2007 is shown below:

	2008			2007
Cash received as Guarantee Derivatives	Acquisition Cost	Accrued Interests	Book Value	Book Value
Credit Suisse First Boston Europe	$ 4,262	$ 1	$ 4,263	$ 2,288
Cemex, S.A.B. de C.V.	1,769	1	1,770	–
Centro Dist. Cemento, S.A. de C.V.	1,189	–	1,189	–
Calyon Corporate and Investment Bank	384	–	384	8
Merrill Lynch Capital Services Inc.	289	–	289	–
Tenedora Nemak, S.A. de C.V.	197	–	197	–
X Tra Congelados, S. de R.L.	170	–	170	–
Sercotel, S.A. de C.V.	87	–	87	–
Alfa, S.A. de C.V.	79	–	79	–
Citrofrut, S.A. de C.V.	54	–	54	–
Bank of America NA	30	–	30	30
Banco Bilbao Vizcaya Argentaria, S.A.	–	–	–	5,961
Kaupthing Bank HF	–	–	–	28
Lehman Brothers Holding Inc.	–	–	–	7
Total cash guarantees received	**$ 8,510**	**$ 2**	**$ 8,512**	**$ 8,322**

a4. *Transactions with embedded derivatives:*

Trading:

Transaction Type	2008 Book Value Asset	Liability	Balance Debtor	Creditor
Options acquired	$ 107	$ –	$ 107	$ –
Options sold	–	683	–	683
Swaps	–	423	–	423
	$ 107	**$ 1,106**	**$ 107**	**$ 1,106**

a5. *Embedded (underlying)options:*

Trading:

Type of Transaction		Underlying	2008 Nominal Amount	Premium Collected/Paid	Fair Value
Purchases	OTC Options	Interest rate	$ 27,385	$ –	$ 107
		U.S. dollars	17	–	–
			$ 27,402	**$ –**	**$ 107**
Sales	OTC Options	Interest rate	$ 20,545	$ 1,328	$ (661)
		U.S. dollars	18	8	–
		Index	10	33	(22)
			$ 20,573	**$ 1,369**	**$ (683)**
			2007		
Purchases	OTC Options	Interest rate	$ 14	$ –	$ –
Sales	OTC Options	Interest rate	$ 6	$ –	$ –

a6. *Embedded (underlying) swap:*

Underlying	Currency	2008 To Be Face Value Received	To Be Market Value Received	To Be Market Value Delivered	Fair Value
Interest rate	Mexican peso	$ 15,460	$ 877	$ 1,300	$ (423)

10. Loan portfolio

Loans granted classified by type of loan at December 31, 2008 and 2007, were as follows:

	Performing portfolio 2008	2007	Non-performing portfolio 2008	2007	Total 2008	2007
Commercial loans -						
Denominated in Mexican pesos -						
Commercial	$132,184	$ 98,727	$ 1,115	$ 443	$ 133,299	$ 99,170
Rediscounted portfolio	6,203	4,043	39	117	6,242	4,160
Lease portfolio	1,538	1,736	49	6	1,587	1,742
Denominated in U.S. dollars -						
Commercial	46,879	44,265	884	189	47,763	44,454
Rediscounted portfolio	1,207	1,114	59	25	1,266	1,139
Lease portfolio	271	250	–	–	271	250
Total commercial loans	188,282	150,135	2,146	780	190,428	150,915
Financial entities	10,267	8,438	–	–	10,267	8,438
Consumer-						
Credit card	84,742	85,694	8,642	5,703	93,384	91,397
Other consumer loans	45,727	45,543	1,437	917	47,164	46,460
Mortgage	128,078	122,087	4,204	3,284	132,282	125,371
Government entities	46,200	44,145	–	–	46,200	44,145
	315,014	305,907	14,283	9,904	329,297	315,811
	$503,296	**$ 456,042**	**$ 16,429**	**$ 10,684**	**$ 519,725**	**$ 466,726**

At December 31, 2008 and 2007, the past due loan portfolio balances that were fully reserved and eliminated from the balance sheet are as follows:

Item	2008	2007
Credit card	$ 4,350	$ 1,467
Consumer	757	274
Mortgage	259	–
Total	**$ 5,366**	**$ 1,741**

At December 31, 2008 and 2007, sold portfolio amounts are as follows:

Item	2008	2007
Credit card and consumer	$ 4,057	$ 9,315
Mortgage	702	130
Total	**$ 4,759**	**$ 9,445**

At December 31, 2008 and 2007, the lines of credit recorded in memoranda accounts are $189,021 and $181,166, respectively.

Interest income and commissions classified by type of loan were as follows:

	2008			2007
Type of loan	Interest	Commissions	Total	Total
Commercial loans-				
Denominated in Mexican pesos-				
Commercial	$ 11,491	$ 501	$ 11,992	$ 9,064
Rediscounted portfolio	491	–	491	373
Lease portfolio	156	–	156	158
Denominated in U.S. dollars-				
Commercial	2,275	–	2,275	2,255
Rediscounted portfolio	69	–	69	99
Lease portfolio	14	–	14	–
Total commercial loans	14,496	501	14,997	11,949
Financial entities	745	1	746	481
Consumer-				
Credit card	27,172	–	27,172	22,027
Other consumer loans	9,523	143	9,666	9,007
Mortgage	13,742	284	14,026	12,228
Government entities	4,317	1	4,318	3,842
	55,499	429	55,928	47,585
	$ 69,995	**$ 930**	**$ 70,925**	**$ 59,534**

At December 31, 2008 and 2007, loans classified by economic sectors were as follows:

	2008		2007	
	Amount	Concentration Percentage	Amount	Concentration Percentage
Foreign (non-Mexican entities)	$ 3,468	0.67%	$ 484	0.10%
Private (companies and individuals)	190,373	36.63%	150,900	32.33%
Financial	6,845	1.32%	7,961	1.71%
Credit card and consumer	140,548	27.04%	137,857	29.54%
Mortgage	132,282	25.45%	125,371	26.86%
Government entities	46,200	8.89%	44,145	9.46%
Other past-due loans	9	0.00%	8	0.00%
	$ 519,725	**100.00%**	**$ 466,726**	**100.00%**

Related-party loans - At December 31, 2008 and 2007, loans granted to related parties amounted to $32,441 and $21,174, respectively. The amount of related-party loans at December 31, 2008 and 2007 includes $10,094 and $8,034, respectively, of letters of credit, which are recorded in memorandum accounts.

Credit support program - BBVA Bancomer has participated in the following credit support programs established by the Federal Government and the Mexican Banking Association, A. C.:

- Debtor Credit Support Mortgage Program and Debtor Credit Benefits Agreement for Mortgage.
- Financial Support Program for the Agriculture and Fishing Sector (FINAPE).
- Additional Benefits Program for Mortgage Debtors-Credits for FOVI type housing.

Furthermore, during December 1998, the Federal Government and the banks disseminated a new and definitive debtor support plan called "Final Aid", which as of 1999 replaces the calculation of the benefits granted in support program for Housing Loan Debtors. For FINAPE such support plan was substituted in 1999 and 2000, and as of 2001 they continued applying the benefits established in the original support programs.

The "Final Aid" Program for mortgage borrowers defines the discounts on the outstanding balance of loans recorded at November 30, 1998, without considering interest in arrears. Regarding FINAPE credit programs, the discounts are applied on the payments and the discount percentage is determined according to the balance of the loan recorded at July 31, 1996.

The amount of discounts is recognized by the Federal Government and the BBVA Bancomer at different percentages, the part recognized by the Federal Government is recorded as an account receivable, which generates interest at the CETES 91-day rate carried to a 28-day curve, capitalized monthly, the percentage absorbed by BBVA Bancomer is applied to the allowance for loan losses. At December 31, 2008, the balance of the discounts payable by the Federal Government is $1,215, which will be settled together with its respective capitalization of interest at the beginning of June 2009.

Due to the results from the audits of the support programs, during 2007 the Federal Government confirmed compliance by BBVA Bancomer with the regulations applicable for the recovery of the conditioned support relative to various programs. For this reason, in June 2008 BBVA Bancomer received from the Federal Government payments related to the benefits due from the latter, the "Housing", "FOVI", and "FINAPE" in the amount of $1,331.

Credit granting policies and procedures - BBVA Bancomer's credit manual regulates the granting, control and recovery of loans. This manual was authorized by the Board of Directors and outlines the parameters to be followed by officers involved in the credit process, which are based on the Credit Institutions Law, the conservative credit rules established by the Commission and sound banking practices.

Credit authorization under the Board of Directors' responsibility is centralized in empowered committees and officers.

In the credit management function the general process from promotion to recovery is defined, specifying, by business unit, the policies, procedures and responsibilities of the officers involved, as well as the tools to be used in each step of the process.

The credit process is based on a thorough analysis of credit applications, in order to determine the comprehensive risk of each debtor. For most loans, debtors must at least have an alternate repayment source.

The principal policies and procedures to determine concentrations of credit risk and which form part of the credit manuals are:

Common risk

- Find out the criteria for determining the individuals or corporations that represent common risk for the Financial Group.
- Find out the criteria for determining whether individuals and/or corporations act in unison and are integrated into the same business group or consortium, in order to identify potential accumulated risk and the maximum limit of financing to be granted.

Maximum financing limit

- Make known the maximum legal credit rules issued by the authorities.
- Communicate the updated maximum credit limit for the Institution, as well as the handling of exceptions.

Potential risk

- Credit applications must be sanctioned in terms of the amount of the risk.
- Avoid risk exposure above the legal limit and other institutional limits established.

Consumer loans, mortgage loans and loans to small and micro-sized companies are subject to automated evaluation and follow-up mechanisms that have been implemented, based on certain standard factors which, under the BBVA Bancomer's criteria, are used to make decisions, and allow greater efficiency in the handling of high volume of loan applications.

11. UDI-denominated restructured loans

At December 31, 2008 and 2007, the overall UDI-denominated restructured mortgage loan portfolio was comprised as follows:

Description	2008 Total	2007 Total
Performing loans	$ 16,611	$ 18,835
Accrued interest on performing loans	51	48
Non-performing loans	442	732
Accrued interest on non-performing loans	12	10
Total	**$ 17,116**	**$ 19,625**

12. Allowance for loan losses

The following table presents the results of basic loan ratings made for the purpose of recording the loan loss allowance based on the requirements discussed in Note 4:

	2008		2007	
Risk category	Total loans	Allowance	Total loans	Allowance
A	$ 370,988	$ 1,965	$ 402,705	$ 2,136
B	131,337	6,032	47,772	3,343
C	12,480	5,425	8,650	3,587
D	7,256	5,295	5,846	4,371
E	2,433	2,332	2,555	2,365
Subtotal	524,494	21,049	467,528	15,802
Loans exempt from classification	16,744	–	16,354	–
Supplementary	–	4,520	–	1,006
Allowance as of December 31	**$ 541,238**	**$ 25,569**	**$ 483,882**	**$ 16,808**

The total loan portfolio balance used for classification purposes includes amounts related to the irrevocable lines of credit granted, letters of credit and guarantees given, which are recorded in memorandum accounts.

The allowance for loan losses at December 31, 2008 and 2007, is determined based on the portfolio balance at those dates and includes 100% of past-due interest.

The amount for the allowance for loan losses includes the classification of the credits granted in foreign currency, valued at the exchange rate of December 31, 2008.

In conformity with established regulations, the Financial Group recorded the reserve for the portfolio of the UDI Trusts of States and Municipalities.

Based on agreements between the Commission and credit institutions, the distressed commercial portfolio has been defined as that which has a D and E risk classification. Based on such definition, the distressed commercial portfolio is $386 and $325 as of December 31, 2008 and 2007, respectively.

During 2008, The Financial Group applied the internal rating model for consumer loans. The related impact in the profit and loss account was the recognition of additional reserves of $3,776.

As a result of official letter number 111-1/25994/2008 dated May 2, 2008 issued by the Commission, BBVA Bancomer recognized a correction to the allowance for loan losses in the classification of the credit card portfolio against the results of previous years for $716, net of deferred taxes.

In response to official letter number 111-1/26018/2008, dated October 8, 2008 issued by the Commission, BBVA Bancomer recorded an allowance for loan losses against the results of prior years, derived from the application of the internal methodology to FOVI-type low income loans, for the purpose of correcting an error in the documentation requested by the FOVI to settle the total amount of the remaining balances of the low income loans granted by BBVA Bancomer with a refinancing line of interest funded with its own resources. The reserve created for this item was $983, and was recognized in the heading of "Results of prior years", net of deferred taxes.

At December 31, 2008 and 2007, the allowance for loan losses represented 155.63% and 157.31%, respectively, of the non-performing loan portfolio.

Changes in the allowance for loan losses - Below is an analysis of the allowance for loan losses:

	2008	2007
Balance at beginning of year	$ 16,808	$ 16,529
Provision charged to income statement	23,969	12,593
Allowances charged to the result of prior years	1,699	–
Application of reserve for FOVI-type mortgage portfolio	(807)	–
Applications and write-offs for the period	(17,202)	(12,009)
Exchange effect	1,102	(305)
Balance at end of year	**$ 25,569**	**$ 16,808**

13. Securitization operations

During 2008 and 2007, there were three and one issues of Stock Market Certificates ("SMC"), respectively; such issues are generally legalized through the following contracts:

– *Assignment contract-*
  This contract is entered into by and between BBVA Bancomer, S.A. ("Transferor"), Banco Invex, S.A. ("Transferee") and Monex Casa de Bolsa, S.A. de C.V. ("Common Representative") for the purpose of assigning, on the part of the Transferor, current portfolio, to the Irrevocable Fiduciary Certificate Issuance Trust ("the Stock Market Certificates"), free of all encumbrance and without reservation or limitation of title, together with all related benefits, proceeds and accessories applicable. The Transferor is liable only for the declarations included in such contract, for which reason non-compliance with any of the declarations will only mean that the Transferor replacing one or more of the ineligible credits or reimbursing in cash the proportional part of the consideration; consequently, the Transferor does not assume any obligation regarding the mortgage loans. Furthermore, the consideration was fixed as the right to receive the total amount obtained in the placement of the Stock Market Certificates, less the respective issue expenses.

– *Irrevocable Fiduciary Stock Market Certificate Issuance Trust Contract*
  This contract is entered into by and between BBVA Bancomer, S.A. ("Trustor" and "First Beneficiary"), Banco Invex, S.A. ("Trustee"), and Monex Casa de Bolsa, S.A. de C.V. ("Common Representative"), which stipulates that the objective of the Trust is the acquisition of mortgage credits, free of all encumbrance and without any reservation or limitation of title, in terms of the Assignment Contract, the issuance of Stock Market Certificates, which will have such mortgage credits as a source of payment and the placement of the Stock Market Certificates among small investors; while the Trustee will have all those powers and obligations considered necessary to achieve such purpose.

  The same contract established the initial appraisal that the certificate would have in relation to the total amount of the portfolio assigned, which amount is recorded for accounting purposes under the heading of "Securities available for sale" on the part of BBVA Bancomer.

– *Portfolio Management and Collection Contract*
  This contract is entered into by and between BBVA Bancomer, S.A. ("Administrator"), Banco Invex, S.A. ("Trustee") and Monex Casa de Bolsa, S.A. de C.V. ("Common Representative"). Under this contract the Trustee contracted the Administrator to carry out the management and collection solely and exclusively in relation to the mortgage credit and any "repossessed assets" that was transferred in the Assignment Contract. Accordingly, to enable the Administrator to fulfill his obligations, the Trustee will pay a management commission to the Administrator equivalent to the amount resulting from multiplying the unpaid balance of the principal of the mortgage loans by the percentage stipulated and divided by 12.

The specific characteristics of each issue are detailed below:

Item	Trust			
	711	752	781	847
Execution date of trust contract	19-Dic-07	13-Mar-08	05-Ago-08	08-Dic-08
Number of credits assigned	2,943	1,587	9,071	18,766
Amount of portfolio	**$ 2,644**	**$ 1,155**	**$ 5,696**	**$ 5,823**
SMC issued	25,404,498	11,143,185	11,955,854	55,090,141
Face value per SMC	**$ 100.00**	**$ 100.00**	**100UDIS**	**$ 100.00**
Amount of issue of SMC	$ 2,540	$ 1,114	$ 4,830	$ 5,509
Series A1	–	–	$ 2,415	–
Series A2	–	–	$ 2,415	–
Gross annual interest rate	9.05%	8.85%	–	9.91%
Series A1	–	–	4.61%	–
Series A2	–	–	5.53%	–
Effective duration of the SMC (years)	20.50	20.42	24.84	22.00
Value of certification	**$ 103**	**$ 40**	**$ 866**	**$ 314**
Initial appraisal %	3.90%	3.50%	15.20%	5.40%
Total cash flow received for the assignment	**$ 2,507**	**$ 1,091**	**$ 4,751**	**$ 5,475**

The third issue, which refers to Trust 781, was made in UDIs, and the exchange rate of the UDI used at the issue date is $4.039765. Also, during the year 2008, the issue of Trust 711 had an amortization of US $7.

In accordance with the "Assignment Contracts", BBVA Bancomer does not assume any obligation in relation to the mortgage loans assigned. Therefore the portfolio was terminated of the balance sheet in conformity with accounting criteria established.

14. Receivables, sundry debtors and prepayments, net

The balance of other accounts receivable at December 31, 2008 and 2007 consists of the following:

Item	2008	2007
Debtors from transaction settlement	$ 13,845	$ 1,886
Loans to officers and employees	6,751	6,477
Sundry debtors	3,802	3,285
Other	998	1,082
	25,396	12,730
Less – Allowance for uncollectible accounts	(344)	(365)
	$ 25,052	**$ 12,365**

15. Repossessed assets, net

Repossessed assets at December 31, 2008 and 2007 were as follows:

Item	2008	2007
Constructions	$ 1,864	$ 1,559
Land	222	182
Securities	14	46
Other	94	122
	2,194	1,909
Less - Allowance for impairment of repossessed assets, net	(527)	(584)
	$ 1,667	**$ 1,325**

16. Property, furniture and equipment, net

Property, furniture and equipment at December 31, 2008 and 2007 were as follows:

Item	2008	2007
Furniture and equipment	$ 17,367	$ 20,045
Office space	11,096	11,445
Installation costs	6,115	6,559
	34,578	38,049
Less- Accumulated depreciation and amortization	(17,575)	(21,941)
	$ 17,003	**$ 16,108**

Real estate strategic project

In June 2006 the Board of Directors of the Financial Group authorized the strategic real estate project to be implemented in the future by the Financial Group and its subsidiaries, which includes the project stages, designation of a "Broker", purchase and sale strategies, activities calendar and the buildings involved.

During the third and fourth quarters of 2007, two of the buildings that formed part of the real estate strategic plan were sold. Also, in 2008 the sale of BBVA Bancomer's most representative properties of the real estate investment was carried out, just including the contracts signed in December 2007. Also, in 2008 BBVA Bancomer carried out the purchase of two plots of land intended for the new corporate headquarters of the Financial Group.

17. Equity investments

Investments in unconsolidated subsidiaries and affiliates that were valued using the equity method were as follows:

Ownership Percentage	Item	2008	2007
75.01%	Seguros BBVA Bancomer, S.A. de C.V.	$ 2,900	$ 2,070
99.99%	Pensiones BBVA Bancomer, S.A. de C.V.	1,899	1,521
Various	Siefores (Real and Protege)	1,198	1,183
50.00%	I+D México, S.A.	276	199
12.31%	Servicio Panamericano de Protección, S.A. de C.V.	141	155
Various	Investment funds	127	152
46.14%	Servicios Electrónicos Globales, S.A. de C.V.	75	71
50.00%	Compañía Mexicana de Procesamiento S.A. de C.V.	61	53
Various	Others	236	319
	Total	**$ 6,913**	**$ 5,723**

Investments in equity securities of associated companies at December 31, 2008 and 2007 were determined in some cases based on unaudited financial information, which is adjusted, if any differences arise, once it is available.

In June 2008, the Mexican Stock Exchange (BMV) carried out a primary public share offering. Previously a corporate restructuring of this entity was performed in which it acquired BBVA Bancomer's holdings in Indeval, Contraparte Central de Valores, Mex-Der and Asigna. The sale of these holdings represented revenue of $285 for the Financial Group, which was recorded under the heading of "Other income".

Additionally, the BMV acquired from BBVA Bancomer and the Brokerage House the rights to the future dividends of Indeval for $80, which was recognized in the result of the year. At the same time, BBVA Bancomer and the Brokerage House canceled the cost of the share of Indeval, which was $16 for both. The price paid by the BMV represented 75% of the value of the future dividends. The remaining 25% was formalized as an option to be exercised once the law is changed to allow the BMV to hold 100% of Indeval. This option was recognized at a value of zero because it cannot be exercised until the relevant changes are made to the Stock Market Law.

18. Deferred taxes

The Financial Group has recognized a net deferred income tax asset resulting from temporary differences between the book and tax bases of assets and liabilities and tax loss carryforwards at December 31, 2008 and 2007, of $5,170 and $429, respectively, as follows:

	2008		2007	
Item	Temporary Difference	Deferred Income Taxes	Temporary Difference	Deferred Income Taxes
Temporary differences- assets:				
Tax loss carryforwards	$ –	$ –	$ 3,574	$ 1,001
Allowance for loan losses (undeducted)	18,318	5,129	11,064	3,098
Pension allowance	1,874	525	869	243
Repossessed assets	1,012	283	684	191
Other assets	6,548	1,784	4,643	1,255
Allowance for debtors and creditors	85	24	110	31
Fair value adjustment of investments	655	183	(3,455)	(967)
Total assets	28,492	7,928	17,489	4,852
Temporary differences- liabilities:				
Fixed assets	652	183	1,966	550
Deferred asset reserve of EPRC	6,584	1,844	11,064	3,098
Derivative	2,406	674	2,406	674
Other liabilities	227	57	360	101
Total liabilities	9,869	2,758	15,796	4,423
Net deferred asset	**$ 18,623**	**$ 5,170**	**$ 1,693**	**$ 429**

Based on the taxable income of the year 2008, the tax losses in previous years have already been fully applied.

As discussed in the second paragraph of Note 25, as of December 31, 2008 and 2007, the tax rate is 28%, as established in article 10 of the Income Tax Law (LISR).

In accordance with that established in NIF D-4, "Income taxes", and the financial projections prepared, management believes that the recovery of the deferred tax asset is highly probable.

19. Goodwill

At December 31, 2008 and 2007, goodwill was as follows:

Item	2008	2007
Banca Promex, S.A.	$ 2,728	$ 2,728
Hipotecaria Nacional, S.A. de C.V.	2,703	2,703
Administradora de Fondos para el Retiro Bancomer, S.A. de C.V.	1,759	1,759
Seguros BBVA Bancomer, S.A. de C.V.	633	633
Pensiones BBVA Bancomer, S.A. de C.V.	143	143
BBVA Bancomer USA	–	66
I+D México, S.A. de C V.	–	12
Unidad de Avalúos México, S.A. de C.V.	6	–
	$ 7,972	**$ 8,044**

20. Deposits

Liquidity coefficient - The provisions of the "Treatment for admission of liabilities and investment for foreign currency transactions" issued by Banco de México for credit institutions establishes the mechanism for determining the liquidity coefficient of liabilities denominated in foreign currency.

Based on the above procedure, in 2008 and 2007 BBVA Bancomer was subject to liquidity requirements of U.S.$2,414 million and U.S.$319 million, respectively, and maintained investments in liquid assets of U.S.$4,455 million and U.S.$1,032 million, reflecting liquidity excesses of U.S.$2,041 million and U.S.$713 million, respectively.

Traditional deposits - The liabilities derived from traditional deposits are composed as follows:

	2008	2007
Demand deposits-		
Demand deposits	$ 324,770	$ 288,789
Saving deposits	394	386
Time deposits-		
Notes with interest payable at maturity	160,237	144,980
Time deposits	23,094	15,004
Bank bonds	46,651	27,081
Total	**$ 555,146**	**$ 476,240**

21. Interbank loans and loans from other entities

At December 31, 2008 and 2007, interbank loans and loans from other entities were as follows:

	Mexican pesos		U.S. dollars in Mexican pesos		Total	
Item	2008	2007	2008	2007	2008	2007
Bank loans	$ 23,796	$ 6,103	$ 5,654	$ 11,942	$ 29,450	$ 18,045
Loans from other entities	7,845	6,134	1,524	1,340	9,369	7,474
Total	**$ 31,641**	**$ 12,237**	**$ 7,178**	**$ 13,282**	**$ 38,819**	**$ 25,519**

Interbank loans and loans from other entities in foreign currency were contracted by the Financial Group with terms ranging from one day to 12 years and annual rates ranging between 1.50% and 9.57%. Such loans are contracted with four foreign financial institutions and one domestic financial institution.

22. Labor liabilities

The Financial Group has liabilities from labor obligations that in the case of BBVA Bancomer and BBVA Bancomer Operadora, S.A. de C.V. are derived from the postretirement benefit plans. Such liability will cover pension, seniority premiums due upon retirement and severance indemnities. In the case of BBVA Bancomer Gestión, Sociedad Operadora de Sociedades de Inversión, the liability is derived from the retirement benefit plans that will pay a pension at the retirement date and the seniority premium when the employee leaves the company. In the case of Servicios Corporativos Bancomer, S.A. de C.V. and Adquira México, S.A. de C.V., the liability is derived from the seniority premium when leaving the company and severance payments. In the case of Casa de Bolsa BBVA Bancomer, S.A. de C.V. and Servicios Externos de Apoyo Empresarial, S.A. de C.V., the liability is derived from the seniority premium when leaving the company and postretirement obligations for the payment of comprehensive medical services to retired persons and their economic dependents. In the case of Desitel Tecnología y Sistemas, S.A. de C.V., Contratación de Personal, S.A. de C.V. and Unidad de Avalúos México, S.A. de C.V., the obligations are for seniority premiums.

The amount of such labor liabilities is determined based on the calculations performed by independent actuaries using the projected unit credit method and in conformity with the methodology established in NIF D-3.

During 2008, 5,877 employees who were members of the defined benefit plan decided to enroll in the defined contribution plan as a result of the improved conditions of the latter. This represented a transfer between funds and the respective labor liability of $484. The defined benefit plan will remain effective until its natural termination and is closed to new participants.

As a result of workforce adjustments and the transfer of members to the defined contribution plan, a reduction and advanced liability discharge effect was determined, resulting in a credit of $1,356 to 2008 results.

As a result of recognizing actuarial results, in 2008 and 2007 the Financial Group recorded a net charge of $308 and $123, respectively, and recognized the effect under "Other expenses".

Pension plan and seniority premiums -

At December 31, 2008 and 2007, the obligations for defined benefits were as follows:

Concept	2008	2007
Opening balance	$ 7,880	$ 7,628
Service cost	191	230
Financial cost	668	668
Actuarial gains and losses generated during the period	(614)	(164)
Variances in exchange rate and inflation	–	5
Benefits paid	(528)	(465)
Past service costs and changes to the plan	–	47
Sales or breakups of businesses	(4)	–
Reductions	(162)	(69)
Opening balance amortization	(484)	–
Reduction of obligations due to plan changes	(328)	–
Closing balance	$ 6,619	$ 7,880
Acquired benefit obligation	**$ 4,985**	**$ 4,453**

At December 31, 2008 and 2007, plan assets were as follows:

Item	2008	2007
Opening balance	$ 7,700	$ 7,621
Expected returns on plan assets	653	666
Actuarial losses and gains generated in the period	(599)	(144)
Contributions made by the entity	78	21
Benefits paid	(528)	(464)
Sales or breakups of businesses	(2)	–
Early settlements	(484)	–
Closing balance	$ 6,818	$ 7,700

At December 31, 2008 and 2007, the net projected (asset) liability related to the personnel of the Financial Group is as follows:

Item	2008	2007
Defined benefit obligations	$ 6,619	$ 7,880
Plan assets	(6,818)	(7,700)
Net projected (asset) liability related to personnel pensions	(199)	180
Unamortized items		
Unrecognized actuarial losses and (gains)	(1)	(2)
Transition liability	(1)	(1)
	$ (201)	**$ 177**

For the years ended December 31, 2008 and 2007, the net cost of the period was as follows:

Item	2008	2007
Service costs of the year	$ 191	$ 230
Financial cost	668	668
Yield on plan assets	(653)	(666)
Immediate recognition of actuarial losses of the year	(15)	(19)
Early application of actuarial losses to other income (expenses)	2	–
Application of transition liability and plan changes	–	47
Effects of reduction and discharge	(490)	(69)
Net (benefit) cost of the period	**$ (297)**	**$ 191**

The interest rates utilized in the actuarial calculations were:

Item	2008 Nominal rate	2007 Real rate
Actual return on plan assets	10.25%	5.25%
Interest rate	9.75%	5.25%
Salary increase rate	4.75%	1.00%
Rate of increase in medical services	6.75%	2.00%

Integral medical services -

As of December 31, 2008 and 2007, the obligations for defined benefits were composed as follows:

Item	2008	2007
Opening balance	$ 6,682	$ 6,069
Service cost	229	249
Financial cost	574	539
Actuarial gains and losses generated during the period	33	208
Exchange rate and inflation variances	–	27
Reductions	(279)	(139)
Benefits paid	(318)	(272)
Closing balance	**$ 6,921**	**$ 6,681**
Acquired benefit obligation	**$ –**	**$ –**

As of December 31, 2008 and 2007, plan assets were as follows:

Item	2008	2007
Opening balance	$ 5,695	$ 5,302
Expected yield on plan assets	487	467
Actuarial gains and losses generated during the period	(445)	(96)
Entity contributions	382	293
Benefits paid	(318)	(272)
Closing balance	**$ 5,801**	**$ 5,694**

As of December 31, 2008 and 2007, the net projected (asset) liability is as follows:

	2008	2007
Defined benefit obligation	$ 6,921	$ 6,681
Plan assets	(5,801)	(5,694)
Unfunded liability	1,120	987
Unrecognized actuarial losses and (gains)	–	(2)
Transition liability	(4)	10
	$ 1,116	**$ 995**

At December 31, 2008 and 2007, the net period cost was as follows:

	2008	2007
Service cost	$ 229	$ 249
Financial cost	574	539
Yield on plan assets	(487)	(467)
Immediate recognition of actuarial losses of the year	478	304
Application of transition liability	1	–
Effects of reduction and discharge	(279)	(139)
Net period cost	**$ 516**	**$ 486**

Below is the effect of the 1% increase or decrease in the assumed trend variance rate of medical attention costs.

Item	2008	2007
	+ 1%	- 1%
In net cost of the period	179	(141)
In defined benefit obligations	1,169	(935)

Life insurance -

At December 31, 2008 and 2007, the obligations for defined benefits were as follows:

Item	2008	2007
Opening balance	$ 1,499	$ 1,349
Service cost	50	58
Financial cost	129	121
Actuarial gains and losses generated during the period	(266)	(4)
Exchange rate and inflation variances	–	(1)
Benefits paid	(5)	(6)
Reductions	(587)	(19)
Closing balance	**$ 820**	**$ 1,498**
Acquired benefit obligation	**$ 725**	**$ 660**

As of December 31, 2008 and 2007, plan assets are composed as follows:

Item	2008	2007
Opening balance	$ 1,499	$ 1,349
Expected yield on plan assets	130	119
Actuarial gains and losses generated during the period	(109)	(23)
Entity contributions	50	59
Benefits paid	(6)	(5)
Closing balance	**$ 1,564**	**$ 1,499**

As of December 31, 2008 and 2007, the obligations for defined benefit were composed as follows:

	2008	2007
Defined benefit obligations	$ 820	$ 1,498
Plan assets	(1,564)	(1,499)
Advance payment	**$ (744)**	**$ (1)**

As of December 31, 2008 and 2007, the net period cost is as follows:

	2008	2007
Service cost	$ 50	$ 58
Financial cost	129	121
Yield on plan assets	(130)	(119)
Immediate recognition of actuarial losses of the year	(155)	18
Effects of reduction and extinction	(587)	(19)
Net (benefit) cost of the period	**$ (693)**	**$ 59**

Severance indemnities

As of December 31, 2008 and 2007, the obligations for defined benefit were composed as follows:

Item	2008	2007
Opening balance	$ 371	$ 409
Service cost	39	45
Financial cost	28	19
Actuarial gains and losses generated during the period	191	85
Exchange rate and inflation variances	–	2
Benefits paid	(324)	(86)
Sales or breakups of businesses	(16)	–
Reductions	–	(103)
Closing balance	**$ 289**	**$ 371**
Amount of the benefit obligation acquired	**$ 244**	**$ 22**

As of December 31, 2008 and 2007, the net projected liability was as follows:

Item	2008	2007
Net projected liability related to personnel severance payments	$ 289	$ 371
Unamortized items:		
Actuarial gains and losses generated during the period	–	1
Transition liability	(6)	(19)
	$ 283	**$ 353**

The amortization period for unamortized items is five years.

As of December 31, 2008 and 2007, the net period cost was as follows:

	2008	2007
Service cost	$ 39	$ 45
Financial cost	28	19
Immediate recognition of actuarial losses of the year	188	85
Amortization of transition liability	3	2
Net period cost	**$ 258**	**151**

As of December 31, 2008, the severance indemnity plan did not have assets to fund the obligations for defined benefits.

As of December 31, 2008, the assets from the different plans were invested in government securities. Also, the expected return on plan assets as of December 31, 2008 was estimated at a profit of $1,268, but the actual return at the same date was a profit of $116.

23. Subordinated debt

Item	2008	2007
Subordinated debentures-		
Bancomer 06 debentures at the TIIE rate (Balanced Interbank Interest Rate) + 0.30%, interest payable every 28 days with maturity on September 18, 2014	$ 2,500	$ 2,500
Subordinated debentures Bancomer 08-1 at TIIE + 0.60%, interest payable every 28 days with maturity on July 16, 2018	1,200	–
Subordinated debentures Bancomer 08-2 at TIIE + 0.65%, interest payable every 28 days with maturity on September 24, 2018	3,000	–
Subordinated debentures Bancomer 08-3 at TIIE + 1.00%, interest payable every 28 days with maturity on November 26, 2020	2,754	–
Capitalization notes for US$500 million, issued in July 2005, at an annual interest rate of 5.3795% up to July 22, 2010, payable semiannually, and at LIBOR + 1.95% as of July 23, 2010, payable quarterly, maturing on July 22, 2015	6,916	5,458
Non-preferential subordinated debentures for US $500 million, issued in May 2007 at an interest rate of 6.0080% up to May 17, 2017, payable semiannually, and at LIBOR + 1.81% as of May 18, 2017, payable quarterly, and maturing on May 17, 2022	6,916	5,458
Preferential subordinated debentures for €600 million, issued in May 2007, at an interest rate of 4.7990% up to May 17, 2012, payable annually and at EURIBOR + 1.45% as of May 18, 2012, payable quarterly, and maturing on May 17, 2017	11,736	9,569
Accrued interest	598	463
Valuation of the hedged primary position	562	78
Total	**$ 36,182**	**$ 23,526**

The debt issuance costs related to these issues are amortized using the straight-line method over the term of the related debt.

24. Transactions and balances with subsidiaries and affiliates

Balances and transactions with non-consolidated subsidiaries and affiliated companies were not significant and were the result of normal activities.

25. Tax environment

In 2008 the Financial Group was subject to both ISR and IETU, and in 2007 ISR and asset tax (IMPAC).

As of December 31, 2008 and 2007, ISR is calculated at the rate of 28%, considering as taxable or deductible certain effects of inflation, such as depreciation calculated on values in constant pesos, and the effect of inflation on certain monetary assets and liabilities is accrued or deducted through the annual adjustment for inflation.

IETU taxes the sales of goods, provisions of independent services and granting the temporary use or enjoyment of goods, in the terms defined in the respective Law, less the deductions authorized for such activities, on a cash flow basis. The IETU payable is calculated by subtracting certain tax credits from the tax determined, including credits on salaries and subordinated services personal, as well as ISR paid in the year. As a general rule, revenues, deductions and certain tax credits are determined on the basis of cash flows generated beginning January 1, 2008, and the services for which interest is paid and collected are determined through the financial intermediation margin on an accrual basis. The IETU rate is 16.5% in 2008, 17.0% in 2009 and 17.5% as of 2010.

Taxable income - The principal items affecting the determination of taxable income or loss of the Financial Group and its subsidiaries were the deduction of allowances for loan losses without exceeding 2.5% of the average loan portfolio, the valuation of financial instruments, losses on portfolio sales and the sale of fixed assets.

Furthermore, there is recoverable IMPAC of $1,475.

The reconciliation of the statutory ISR rate and the effective rate, expressed as a percentage of income before income tax, which is the tax incurred by the Financial Group, is as follows:

	2008	2007
Statutory rate	28%	28%
Add (deduct) -Effect of allowance for loan losses	(5.19%)	6.24%
Effects of tax loss	–	(9.74%)
Effect of nondeductible items	(0.69%)	0.83%
Other effects	2.93%	5.40%
Effective rate	**20.57%**	**30.73%**

Employee statutory profit sharing- The Financial Group determines the employee profit sharing based on the guidelines established in Mexico's Constitution.

26. Stockholders' equity

Capital stock - The capital stock of the Financial Group at December 31, 2008 and 2007, was as follows:

	Number of shares at Par Value of $0.11 per share					
	2008			2007		
	Authorized	Unsubscribed	Paid-in	Authorized	Unsubscribed	Paid-in
Series "B"	4,605,999,999	(60,462,657)	4,545,537,342	4,605,999,999	(60,462,657)	4,545,537,342
Series "F"	4,794,000,001	(62,930,521)	4,731,069,480	4,794,000,001	(62,930,521)	4,731,069,480
Total	**9,400,000,000**	**(123,393,178)**	**9,276,606,822**	**9,400,000,000**	**(123,393,178)**	**9,276,606,822**

	Capital Stock					
	2008			2007		
	Authorized	Unsubscribed	Paid-in	Authorized	Unsubscribed	Paid-in
Series "B"	$ 507	$ (7)	$ 500	$ 507	$ (7)	$ 500
Series "F"	527	(7)	520	527	(7)	520
	$ 1,034	**$ (14)**	**1,020**	**$ 1,034**	**$ (14)**	**1,020**
Capitalization of restatement			15,191			13,080
Restatement to Mexican pesos of December 31, 2007			2,725			2,111
Total			**$ 18,936**			**$ 16,211**

At the Stockholders' Ordinary General Meeting of April 28, 2008, among other issues, the Financial Group declared dividends of $18,691 (nominal value) payable from the prior year results account at a rate of $2.0148530986214 Mexican pesos per share, which were paid in cash to the stockholders on July 24, 2008.

Restrictions on income - Stockholders' equity, except for restated amounts of paid-in capital and tax retained earnings, will incur ISR on dividends payable by the Financial Group at the current rate, at the time of distribution. The tax paid on such distribution can be credited against ISR of the year and the respective provisional payments during the year in which tax is paid on dividends and the next two years.

The annual net income of the Financial Group is subject to the legal requirement that 5% thereof be transferred to a legal reserve each year until the reserve equals 20% of outstanding capital stock. This reserve may not be distributed to stockholders during the existence of the Financial Group, except in the form of a stock dividend.

Capitalization index - Current regulations establish requirements for specific net capital levels, as a percentage of risk assets, for both market and credit purposes. However, in order to determine net capital, deferred taxes represent a maximum of 10% of Tier 1 capital.

On November 23, 2007, the SHCP published modifications to the rules for capitalization requirements of full-service banks, national credit institutions, development banks, etc. which went into effect on January 1, 2008. The main changes are as follows:

Capitalization for credit risk

To calculate the capital requirement for their exposure to credit risk, credit institutions may use the standard method, or methods based on internal classifications, whether basic or advanced, provided that they have the prior authorization of the Commission for such purpose.

Under the standard method, the transactions are classified into eight different groups depending on the counterparty, and must be weighted in accordance with the degree of risk based on a credit classification allocated by one of the classification agencies.

Also, under this method a higher weighting factor is allocated to the overdue portfolio (125%), and the mortgage credits will now have a weighting factor of 50 to 100% depending on the level of deposit and related guarantees.

Capitalization for operating risk

To calculate the capital requirement for exposure to operating risk, the Financial Group must use:

- Basic indicator method, which must cover minimum capital equivalent to 15% of the average of the last 36 months of the financial or intermediation margin.
- Standard, alternative standard or other methods determined by the Commission.

The basic method capital requirement should be built up within three years and must be within the ranges of between 5 and 15% of the average sum of credit and market risk requirements over the last 36 months.

The combined capitalization index of the credit institutions as of December 31, 2008 was 15.25% of the total risk (market and credit) and 22.56% of credit risk, which are 7.25 and 14.65 points above the required minimums.

The net combined capital of the credit institutions, divided into Tier 1 and Tier 2, is detailed as follows (the amounts shown in this note may differ in presentation from the basic financial statements):

– *Basic capital:*

Item	Amount
Stockholders' equity	$ 89,140
Capital notes	10,659
Subordinated debt instruments related to securitization schemes	(658)
Deductions of investments in shares of financial entities	(5,409)
Deductions of investments in shares of non-financial entities	(3,069)
Organization expenses, other intangible assets	(226)
Total	**$ 90,437**

The main characteristics of debt and capital notes were as follow:

Item	Appraised Amount	Maturity Date	Weighted Calculation	Average Amount
Eligible capital notes	$ 6,916	22/07/2015	100%	$ 6,916
Eligible capital notes	6,916	17/05/2022	100%	6,916
	$ 13,832			**$ 13,832**

– *Complementary capital:*

Item	Amount
Subordinated debt and capital notes	$ 24,363
Allowance for loan losses	4,023
Related subordinated debt instruments	(658)
Total	**$ 27,728**
Net capital	**$ 118,165**

The main characteristics of debt and capital notes were as follows:

Item	Appraised Amount	Maturity Date	Calculation	Weighted Average Amount
Non-convertible debt considered as complementary capital:				
Bancomer 06	$ 2,500	18/09/2014	100%	$ 2,500
Bancomer-08-2	1,200	16/07/2018	100%	1,200
Bancomer-08	3,000	24/09/2018	100%	3,000
Bancomer-08-3	2,754	26/11/2020	100%	2,754
Eligible capital notes	11,736	17/05/2017	100%	11,736
	$ 21,190			**$ 21,190**

Assets at risk are as follows:

– *Assets subject to market risk:*

Item	Risk-Weighted Positions	Capital Requirements
Transactions in Mexican pesos with a nominal rate	$ 130,163	$ 10,413
Transactions in Mexican pesos with real rate or rate denominated in UDIs	10,377	830
Rate of return based on the General Minimum Wage	18,701	1,496
Interest rate transactions in foreign currency with a nominal rate	22,903	1,832
Positions in UDIs and Mexican pesos with yield referred to NCPI	38,971	3,118
Positions based on the General Minimum Wage	118	9
Positions in currencies with yield indexed to exchange rates	3,715	297
Positions in shares or with yield indexed to the price of a share, group of shares, or stock exchange index	209	17
Transactions performed in Mexican pesos with a surtax and variable rate	3,285	263
Total market risk	**$ 228,442**	**$ 18,275**

– *Assets subject to credit risk:*

Item	Risk-Weighted Assets	Capital Requirements
Weighted at 10%	$ 2,134	$ 171
Weighted at 11.5%	16	1
Weighted at 20%	32,773	2,622
Weighted at 23%	1,475	118
Weighted at 50%	1,282	102
Weighted at 100%	460,209	36,816
Weighted at 115%	2,869	230
Weighted at 125%	19,834	1,587
Weighted at 150%	1,019	82
Total credit risk	**$ 521,611**	**$ 41,729**

27. Position in foreign currency

At December 31, 2008 and 2007, the exchange rate determined by Banco de México and used by the Financial Group to value its assets and liabilities in foreign currency (translated into U.S. dollars) was $13.8325 and $10.9157 per U.S. dollar, respectively. The position in foreign currency was as follows:

	Millions of U.S. Dollars	
	2008	2007
Assets	44,994	43,780
Liabilities	(45,014)	(43,931)
Net liability position in U.S. dollars	**(20)**	**(151)**
Net liability position in Mexican pesos (nominal value)	**$ (277)**	**$ (1,651)**

At January 30, 2009, the unaudited net liability position was similar to that at yearend, and the exchange rate at such date was $14.3097 per U.S. dollar.

28. UDI position

At December 31, 2008 and 2007, the Financial Group had UDI-denominated assets and liabilities translated into Mexican pesos, considering the prevailing conversion rate of $4.184316 and $3.932983 per UDI, respectively, as follows:

	Millions of UDIs	
	2008	2007
Assets	16,642	24,459
Liabilities	(15,466)	(12,491)
Net asset position in UDIs	**1,176**	**11,968**
Net asset position in Mexican pesos (nominal value)	**$ 4,921**	**$ 47,070**

At January 30, 2009, the unaudited UDI position was similar to that at yearend, and the conversion rate was equivalent to $4.209393 per UDI.

29. Preventive and saving protection mechanism

During 2008 and 2007, contributions made by Financial Group to the IPAB were $2,244 and $1,971, respectively.

30. Segment information

The Financial Group participates in different activities of the financial system, including full service banking, stock market intermediation, foreign remittance transfers, financial services, management of mutual funds, management of pension funds, etc. The evaluation of performance and the measurement of the risks of the different activities are based on the information produced by the business units of the Financial Group, more than on the legal entities which record the results generated.

In order to analyze the financial information by segments, the table below shows revenues obtained during 2008 and 2007:

	2008 Total Revenue by Segment from the Financial Group					
Item	Total	Commercial Bank	Corporate and Government Banking	Market Operations	Retirement Saving Funds	Other Segments
Interest income and expense, net	$ 62,775	$ 49,581	$ 7,217	$ 3,200	$ 91	$ 2,686
Provision for loan losses	(23,969)	(23,225)	(721)	(23)	–	–
Net interest income after provision for loan losses	38,806	26,356	6,496	3,177	91	2,686
Commissions and fees, net	21,614	14,829	3,024	3,209	2,057	(1,505)
Trading income, net	388	675	782	(2,368)	–	1,299
Net operating revenues	**60,808**	**$ 41,860**	**$ 10,302**	**$ 4,018**	**$ 2,148**	**$ 2,480**
Non-interest expense	(32,480)					
Operating income	28,328					
Other income, net	1,763					
Income before income taxes and employee profit sharing	30,091					
Current income tax and employee profit sharing expense	(10,656)					
Deferred income tax and employee profit sharing benefit	4,466					
Income before share in net income of unconsolidated subsidiaries and affiliates	23,901					
Share in net income of unconsolidated subsidiaries and affiliates	2,170					
Income from before minority interest	26,071					
Minority interest	(172)					
Net income	**$ 25,899**					

Item	2007 Total Revenue by Segment from the Financial Group: Total	Commercial Bank	Corporate and Government Banking	Market Operations	Retirement Saving Funds	Other Segments
Interest income and expense, net	$ 53,740	$ 42,357	$ 6,538	$ 1,464	$ 45	$ 3,336
Monetary loss, net	(1,996)	(113)	–	(39)	(37)	(1,807)
Net interest income	51,744	42,244	6,538	1,425	8	1,529
Provision for loan losses	(12,593)	(12,419)	(150)	(24)	–	–
Net interest income after provision for loan losses	39,151	29,825	6,388	1,401	8	1,529
Commissions and fees, net	22,005	14,817	2,857	2,877	2,087	(633)
Trading loss, net	(57)	474	271	14	–	(816)
Net operating revenues	**61,099**	**$ 45,116**	**$ 9,516**	**$ 4,292**	**$ 2,095**	**$ 80**
Non-interest expense	(30,901)					
Operating income	30,198					
Other income	4,763					
Other expense	(2,912)					
Monetary loss, net (other)	(253)					
Income before income taxes and employee profit sharing	31,796					
Current income tax and employee profit sharing expense	(2,866)					
Deferred income tax and employee profit sharing expense	(6,905)					
Income before share in net income of unconsolidated subsidiaries and affiliates	22,025					
Share in net income of unconsolidated subsidiaries and affiliates	1,466					
Net income before minority interest	23,491					
Minority interest	(128)					
Net income	**$ 23,363**					

Other segments contain those related to management of the loan portfolio assigned to recovery, the mortgage portfolio of UDI Trusts, and to the management of the cash flow participation plan with FOBAPROA.

31. Risk management and derivatives

Considering the Commission's regulatory requirements relative to the disclosure of the policies and procedures established by credit institutions for comprehensive risk management, below are the measures implemented by management for this purpose, as well as the respective quantitative information:

The "General regulations applicable to credit institutions" issued by the Commission were implemented through the recognition of basic rules for efficient risk management, evaluating risks as quantifiable (credit, market and liquidity) and non-quantifiable (operational and legal), so the basic identification, measurement, monitoring, limitation, control and disclosure processes are satisfied. To summarize, the following is performed:

– *Participation of the governing bodies:*

  The Board of Directors is responsible for establishing the objectives of risk exposure and fixing capital related limits, as well as authorizing the policies and procedures manuals related to risks.

  The Risk Committee is responsible for monitoring the position and compliance with the risk limits to which the Financial Group are exposed, and for ensuring adherence to Board of Directors' resolutions.

– *Policies and procedures:*
  Risk manuals with standard contents, including strategy, organization and operating, technological and methodological frameworks, and regulatory processes. Specific manual for legal risks, including related methodologies.

  Defined and limited third-party responsibilities, risk training programs and communication of policies and procedures.

- *Strategic decision making:*
  Independence of the Comprehensive Risk Management Unit.

  Interaction of this unit with operating committees.

  Establishment of monitoring processes and daily and monthly reports.

  Limits structure in terms of economic capital for each business unit and type of risk.

  Establishment, by the Risk Committee, of the authorization and ratification of process for new products and/or services involving risk for the Financial Group.
- *Tools and analyses:*
  Continuous measurement of credit, market and liquidity risks under consistent methodologies and parameters.

  Indicators of diversification levels (correlations).

  Establishment of periodic analyses of sensitivity, testing under extreme conditions and review and improvement of models.

  Install monitoring and operational and legal risk control methodologies in conformity with international standards.

  Risk integration by defining capital requirements to absorb them.
- *Information:*
  Periodic reports to the Risk Committee, Board of Directors, risk taking units, finance and senior management.
- *Technological platform:*
  Comprehensive review of all source and calculation systems for risk quantification, projects for the improvement, quality and sufficiency of data and automation.
- *Audit and comptrollership:*
  Participation of internal audit regarding compliance with "Regulations on Comprehensive Risk Management" and implementation of compliance plans by type and area of risk.

  Performance of audits in compliance with "Regulations on Comprehensive Risk Management" by a firm of independent experts, concluding that risk measurement models, systems, methodologies, assumptions, parameters and procedures comply with their functionality based on the characteristics of the risk operations, instruments, portfolios and exposures of the Financial Group.

  The Financial Group believes that at this date it fully complies with the provisions of Regulations on Comprehensive Risk Management, while projects continue to improve measurements and limitations, automation of processes and methodological refinements.

Methodological framework - Techniques for valuation, measurement and description of risks

For risk purposes, the Financial Group's balance sheet is envisioned as follows:

- *Market risk:*
  Operations and investment portfolios- Investments in trading securities and securities available for sale, ledger of repurchase transactions and related derivative transactions.

  Structural balance sheet- Other assets, including securities held to maturity and derivatives for the management of interest rate risk.
- *Credit risk:*
  Domestic and foreign financial institutions, companies and corporate- Traditional loan portfolio, including small and medium companies, and exposures from investments in issues, and counterparts in derivative financial instruments.

  Retail/consumer loans- Credit cards, financing plans and mortgage portfolio.

With respect to the risk market measurement process and the operations and investment portfolios, the daily measurement of market risk is done through statistical techniques of the Value at Risk (VaR), the core measurement. As an example, VaR consists of the following:

a. To define the sensitivity level in the valuation of positions facing changes in prices, rates or indexes.
b. To estimate the "reasonably" expected change for a determined timeframe in such prices, rates or indexes, considering the level under which such factors can move as a whole.
c. To revalue the portfolio under such expected changes as a whole and determine the potential "maximum" loss in terms of value.

The VaR has been set based on the consideration that, in a day's transactions, 99% of the time losses will not exceed the calculated amount.

Also, different types of Value at Risk (VaR) calculations are performed, based on groups defined by risk factor: interest rate VaR, variable income VaR, volatility VaR (vega VaR) and exchange rate VaR.

With regard to the structural interest risk, categories are defined for each balance sheet heading based on their financial characteristics and the Economic Value and Financial Margin sensitivities are calculated using the methodology authorized by the Risk Committee. A red flag and limits system is in place for these sensitivities, whereby follow-up is provided each month in the Risk Committee and is presented quarterly to the Board of Directors.

With regard to liquidity risk, follow-up and information mechanisms have been established and approved by the Risk Committee, both for the management of short-term liquidity and of liquidity risk in the balance sheet. There is also a liquidity risk contingency plan, as well as a red flag system for quantitative and qualitative risk with different levels of risk. The short-term liquidity red flag system monitors the dynamic of the principal financing sources of the Treasury, and its distribution based on maturity deadlines. By the same token, the medium-term liquidity system monitors the optimal management of the Structural Balance Sheet resources based on the growth projections of the banking business.

The Assets and Liabilities Committee is the executive body responsible for managing the structural interest risk and liquidity risk.

In relation to the measurement of credit risks, the Risk Exposure (Exposure) is determined using two methodologies: the risk from batch positions is determined based on the Monte Carlo simulation, which means that the valuation formulas and risk factors used are consistent with those used for the market risk calculations, and incorporate the effect of the credit risk mitigation techniques (netting and collateral), and the term effect correctly, because the future value of each position is calculated in each tranche, resulting in a lower consumption of credit risk and therefore a better utilization of the limits. Also, for online determination, Potential Risk Factors (FRP's) are used, which estimate the maximum expected increase for the positive market value of the transaction with a given level of confidence. Such FRP's will be applied based on the type of product, duration, currency and the amount involved.

Quantitative information (unaudited) -

– *Operation and investment portfolio:*

Portfolio	VaR 1 day (Unaudited) December 31, 2008	VaR 1 day (Unaudited) Average Fourth Quarter 2008
Interest rate	$ 112	$ 96
Variable income	$ 5	$ 5
Foreign exchange	$ 10	$ 9
Volatility	$ 42	$ 36
Weighted	$ 119	$ 94

Total Credit Risk exposure in derivatives as of December 2008:

Portfolio	December 31, 2008
Counterparty Risk Exposure	$ 104,628

During 2008, BBVA Bancomer recognized losses in results for noncompliance in derivatives transactions, due to the suspension of payments by the counterparty Kaupthing Bank for the amount of $277 (92% of the total debt).

Derivative transactions

Trading derivative instruments that are issued or acquired by the Treasury of the Financial Group are mainly intended to offer hedging solutions and investment alternatives to meet client needs. By the same token, the treasury of the Financial Group also acquires derivatives to manage the risk derived from transactions with clients.

Valuation methods

To determine the portfolio value, two procedures are used depending whether they are instruments listed in recognized markets or traded in "over-the-counter" markets. In the first case, the price information from the official price supplier is used, and in the second, internal methodologies have been developed with the support of independent experts and the Mexican Central Bank itself, using variables provided in turn by the price supplier.

Internal control procedures to manage market risks

To control the market risk incurred by the Treasury of the Financial Group, the Risk Department establishes a structure of VaR limits depending on the risk level established at group level, in accordance with current provisions and international standards; such control is applied daily and is reported directly to the Financial Group's senior management. Following is a summary of the principal market risk limits:

Limit		
VaR (one-day horizon)	**$**	**269**
Annual loss	**$**	**550**
Monthly loss	**$**	**250**

Control of measures additional to VaR

Apart from follow-up on the implicit VaR level in the trading positions of the operating and investment portfolios, the Risk Department establishes a series of limits related to the sensitivity of the positions to minimum movements of the risk factors (sensitivities). A control is applied daily to the use of the interest rate sensitivity limit (Delta).

Coherence between VaR limits and sensitivity limits

To ensure that the VaR limits maintain a coherent relationship compared to the sensitivity limits, the Global Risk Management Unit in Market Areas (UAGRAM) prepares an annual coherence study based on random sensitivity scenarios and maximum restrictions, depending on the risk factor and its duration. The VaR calculation derived from these scenarios is used to determine a global VaR level both for the entire Treasury and for its different constituent desks.

Sensitivity of interest to derivatives

Below is a table showing the detail of the sensitivity of interest derivatives, grouped by type of instrument:

Sensitivity	Delta Interest Rate 1bp	Delta Variable Income 1%
Deposits	$ 109	$ –
Peso swaps	1,115	–
Exchange rate forwards	(1)	–
Interest-rate options	(930)	–
Variable income options	(8)	(4)
	$ 285	$ (4)

Embedded derivatives

In accordance with the Structured Bank Bonds issuance programs of the Financial Group, embedded rate options and swaps are recorded for a nominal amount of $47,974 and $15,460, respectively, with underlying foreign exchange, indexes and interest rates.

The sensitivity of the embedded derivatives is: Delta Interest Rate 1bp for $285 and Delta Variable Income 1% for $(4).

Hedge derivatives

Fair value

The Financial Group has fair value hedge derivatives intended to reduce the volatility of its results due to changes in the market value. The prospective effectiveness is measured by using the VaR, and the retrospective effectiveness by comparing the result from changes in the fair value against changes in the fair value of the primary position.

Cash flows

The Financial Group maintains cash flow hedge derivatives to reduce exposure to variations in flows, by changing such flows to a fixed rate in order to reduce the volatility of the financial margin. The method for evaluating the prospective effectiveness is through a sensitivity analysis; the retrospective effectiveness is measured by comparing the change in the present value of the flows from the hedge instrument against the changes in the present value of the flows of the position hedged.

During 2008 and 2007, the Financial Group recognized losses related to the materialization of operating risks (frauds, accidents, fines, penalties and losses) for $427 and $372 (face value), respectively.

The profit from cash flow hedge derivatives recognized in capital as of December 31, 2008 is $659; on which basis, taking the present value of the coupons that will be settled in 2009, it is estimated that revenue of $387 will be recognized in results.

Documentation of hedges

Each hedge is supported by a file that includes:

- A general hedge document, describing the type of hedge, the risk to be covered, the strategy and purpose of performing the transaction, the primary position, the hedging derivative and the method to evaluate the prospective and retrospective effectiveness.
- The primary position contract.
- The inventory of the derivative.
- The inventory of the primary position.
- The prospective and retrospective effectiveness test of each period.

32. Reclassifications of the financial statements

The financial statements as of December 31, 2007 have been reclassified in certain accounts to make them comparable with the presentation used for the financial statements as of December 31, 2008.

33. Contingencies

At December 31, 2008, the Financial Group is subject to various legal proceedings and claims. However, in the opinion of its legal counsel, the claims are without basis, and even if the resolutions are unfavorable, they will not have a material adverse effect on its financial position or results of operations. The Financial Group has established reserves totaling $463 in connection with such contingencies.

34. New accounting principles

During 2008 CINIF issued the following NIFs, which go into effect for years beginning on or after January 1, 2009:

NIF B-7, "Business acquisitions"
NIF B-8, "Consolidated or combined financial statements"
NIF C-7, "Investments in associated companies and other permanent investments"
NIF C-8, "Intangible assets"
NIF D-8, "Payments based on shares"

The principal modifications include among others, for:

- NIF B-7, "Business acquisitions". Establishes the general standards for the valuation in the initial recognition at the acquisition date of the net assets of one or more "businesses" that are acquired and control is obtained over them, in a business acquisition, as well as noncontrolling interests (minority interest) and of related other items that might arise, such as goodwill and the gain on the purchase.
- NIF B-8, "Consolidated or combined financial statements". Updates the general standards for the preparation and presentation of the consolidated and combined financial statements; for the disclosures accompanying such financial statements, in which consolidated financial statements are understood as those consolidated basic financial statements of an economic entity which consists of the controlling entity and its subsidiaries; while the combined financial statements are those basic financial statements of affiliated entities that belong to the same owners.
- NIF C-7, "Investments in associated companies and other permanent investments". Defines the standards for accounting recognition of investments in associated companies, as well as of other permanent investments in which no control, combined control or significant influence is exercised.
- NIF C-8, "Intangible assets". Establishes the general standards for the initial and subsequent recognition of intangible assets that are acquired individually or through a business acquisition, or which are generated internally in the regular course of operations of an entity.
- NIF D-8, "Share-based payments". Establishes the standards for valuation and recognition of payment transactions based on shares.

At the date of issuance of these financial statements, the Financial Group has not completed its determination of the effects of adopting these new standards on its financial information.

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Forward-looking information may prove to be inaccurate

This Annual report contains certain forward-looking statements and data relating to BBVA Bancomer, its subsidiaries and other offices, that are based on the view of its Directors and assumptions formulated by the Group, as well as the Group's current viewpoint regarding future events. These estimates, however, are subject to risks, unforeseen events, and assumptions. Many factors could cause actual Group results, financial goals, loan portfolio growth, availability of funds, performance, or achievements to differ materially from any of these forecasts.

Certain factors are difficult or impossible to predict accurately and many are beyond the group's control. Therefore, there can be no assurance that forward-looking statements included herein will materialize as predicted.

Results expressed in forward-looking statements that are subject to change may include changes in general economic, political, government, business, and financial conditions, whether globally and/or in other countries in which the Group does business, as well as changes in interest rates, inflation, exchange rates, and business strategy, among others.

Should any of the variables beyond the Group's control change or should underlying assumptions prove to be incorrect, actual results may vary materially from those described herein. The Group neither intends nor assumes any obligation to update these forward-looking statements. The information contained herein should not be relied upon to make any business or investment decisions of any kind.

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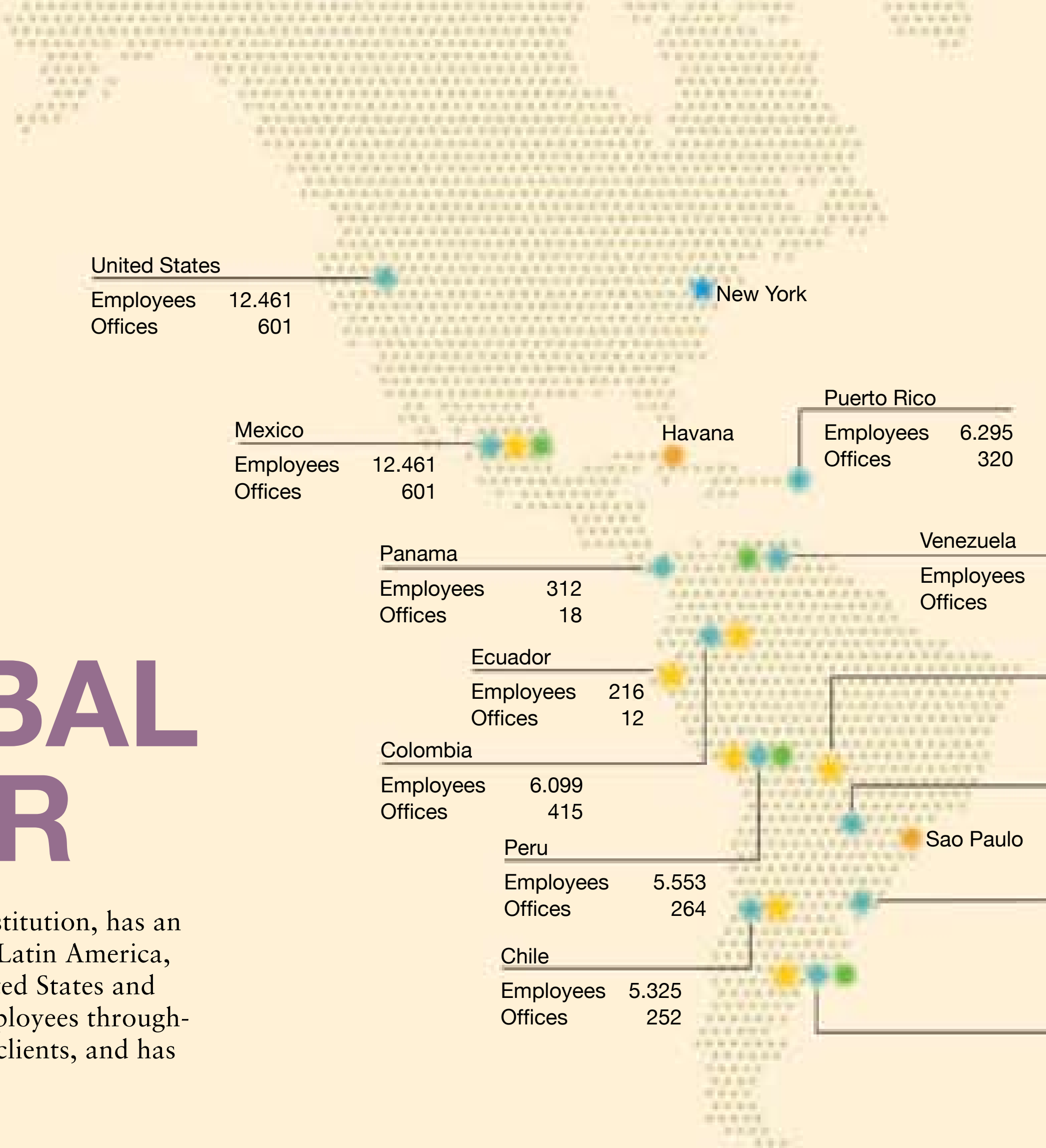
BBVA



BBVA, A GLOBAL LEADER

Grupo BBVA, a global financial institution, has an outstanding position in Spain and Latin America, and a growing presence in the United States and Asia. Our Group has 108,972 employees throughout the world, serves 48.2 million clients, and has more than 900,000 shareholders.

Basic Information

Results (millions of euros)	2008	2007	2006
Gross margin	18.978	17.271	15.143
Net margin	10.523	9.441	8.340
Pretax earnings	6.926	8.495	7.030
Attributed earnings	5.020	6.126	4.736
Activity			
No. of countries	32	31	32
No. shareholders	903.897	889.734	864.226
No. clients (millions)	48,2	47,4	42,4
No. employees	108.972	111.913	98.553
No. cards (debit and credit) (millions)	44,69	40,99	35,02
No. offices	7.787	8.028	7.499
No. main vendors	3.493	3.248	3.329
Other data			
Market cap (millions of euros)	32.457	62.816	64.788
Earnings per share	1,35	1,70	1,39
P/BV (price/book value)	1,2	2,5	3,6
ROE—return on equity	21,5	34,2	37,6
Efficiency ratio with amortizations (%)	44,6	45,3	44,9
Past-due loan rate (%)	2,12	0,89	0,83
Business volume per employee (millions of euros)	7,7	7,2	7,0
Dividends	1.878	2.717	2.220
Personnel-related expenses	4.716	4.335	3.989
Income tax	1.541	2.080	2.059

Range of Grupo BBVA

Group landmarks in 2008

- **H1** Rationalization of commercial network in Spain and Portugal
- **H2** Approval of Strategic Corporate Citizenship and Reputation Plan by Board of Directors
- **H3** Total integration of four U.S. banks under BBVA Compass brand
- **H4** Strengthen alliance with Chinese group CITIC

Organizational chart and business structure

Chairman

Delegate Board Member

Units
- General Secretary
- Legal Services
  Fiscal Affairs, Auditing and Compliance
- Communications and Image
- Presidential Cabinet
- General Intervention
- Institutional Relations
- Corporate Strategies

Business Areas
- Spain and Portugal
- Global Businesses
- Mexico
- United States
- South America
- Financial Management
- Risks

Resources and Means

Innovation and Development

Ranking by share of business in leading countries in 2008

	Credits	Deposits	Pensions
Spain	2º	3º	1º
Mexico	1º	1º	2º
Argentina	2º	2º	-
Bolivia	-	-	1º
Chile	4º	4º	1º
Colombia	4º	4º	3º
Ecuador	-	-	1º
Panama	4º	4º	-
Paraguay	1º	1º	-
Peru	2º	2º	3º
Uruguay	5º	5º	-
Venezuela	3º	4º	-

Range: Spain and Latin America

Income by business area

	2008	2007	2006
Spain and Portugal	2.625	2.381	1.864
Global Businesses	754	896	859
Mexico	1.938	1.880	1.711
United States	211	203	64
South America	727	623	509
Corporate Activities	-1.235	142	-291
Total	5.020	6.126	4.736

Range: Grupo BBVA

Group Banks

Spain

BBVA
Local Credit Banks
Finanzia
Uno-e

Latin America

BBVA Banco Continental (Peru)
BBVA Banco Francés (Argentina)
BBVA Banco Provincial (Venezuela)
BBVA Bancomer (Mexico)
BBVA Chile
BBVA Colombia
BBVA Panama
BBVA Paraguay
BBVA Puerto Rico
BBVA Uruguay

Rest of Group

BBVA Compass Bank (United States)
BBVA Portugal
BBVA Switzerland

Branches	Representation Offices
Brussels	Havana
Dusseldorf	Moscow
Frankfurt	Mumbai
Hong Kong	Peking
London	Sao Paolo
Milan	Seoul
New York	Shanghai
Paris	Sydney
Singapore	Taipei
Tokyo	

Foundations

Fundación BBVA (Spain)
Fundación MicroFinanzas BBVA
Fundación BBVA Bancomer
Fundación Banco Continental
Fundación Banco Principal
Fundación Banco Francés

Pension fund managers

Afore Bancomer (Mexico)
AFP Génesis (Ecuador)
AFP Provida (Chile)
AFP Horizonte (Peru)
AFP Horizonte (Colombia)
Prevensión AFP (Bolivia)

Annual Corporate Citizen Reports by companies of the Group

BBVA Bancomer	2007
BBVA Banco Continental	2005-2006-2007
BBVA Banco Francés	2007
BBVA Banco Provincial	2006-2007
BBVA Colombia	2007
BBVA Chile	2007

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